



**Proposed 2006  
Supplemental Operating Budget**

**Budget Highlights**

**By Representative Sommers, Chair  
House Appropriations Committee**

**February 21, 2006**



# Budget Proposal Summary

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## **Overview**

The Legislature adjourned in April 2005 after enacting the 2005-07 biennial operating budget with an expected ending fund balance just under \$200 million. Since that time, strong economic activity led by the housing and construction sectors resulted in larger-than-forecasted revenue to the state and resources available for the 2006 supplemental operating budget of approximately \$1.6 billion.

Despite these recent events, the Governor and many legislators have expressed a note of caution based in part on:

- The recent unusually strong economic activity is not expected to continue at these levels.
- The current available resources of \$1.57 billion do not appear to be reoccurring. Including the estimated 2006 supplemental operating budget, 2005-07 spending levels and the 2005-07 revenue forecast are about equal.
- Several areas of the budget are expected to grow faster than revenues and will place increasing pressure on the 2007-09 budget.

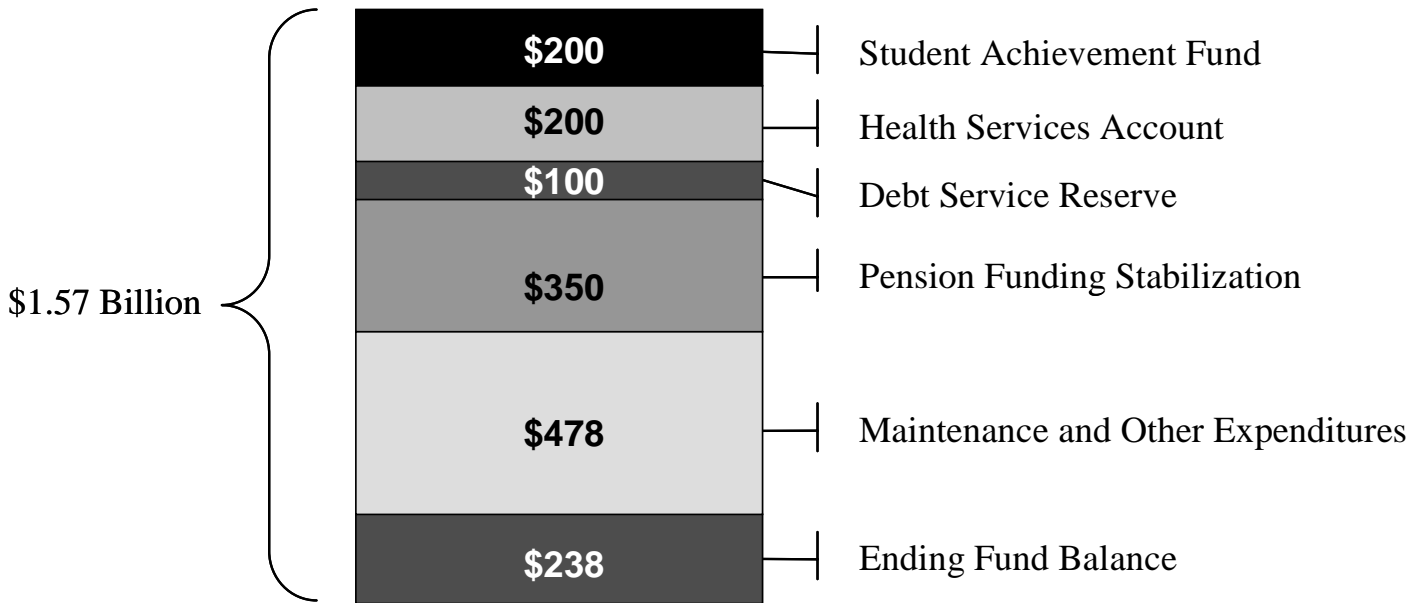
## **Related Legislation**

There are a number of related revenue bills that are listed on page 8. Another bill related to the budget (Proposed Substitute House Bill 2552) appropriates \$200 million to the Student Achievement Fund, appropriates \$200 million to the Health Services Account, creates the Pension Funding Stabilization Account and appropriates \$301 million to this account. This bill also increases the Fiscal Year 2006 expenditure limit by the amount of these appropriations, and states that expenditures from the Pension Funding Stabilization Account do not constitute a program cost shift.

# Appropriations Chair Proposal

The Chair's budget proposal spends 37 percent of available resources, leaving about 63 percent available for anticipated costs in the 2007-09 biennium.

## 2006 Supplemental Budget Proposal



**The budget proposal is expected to leave \$985 million available for future budgets.**

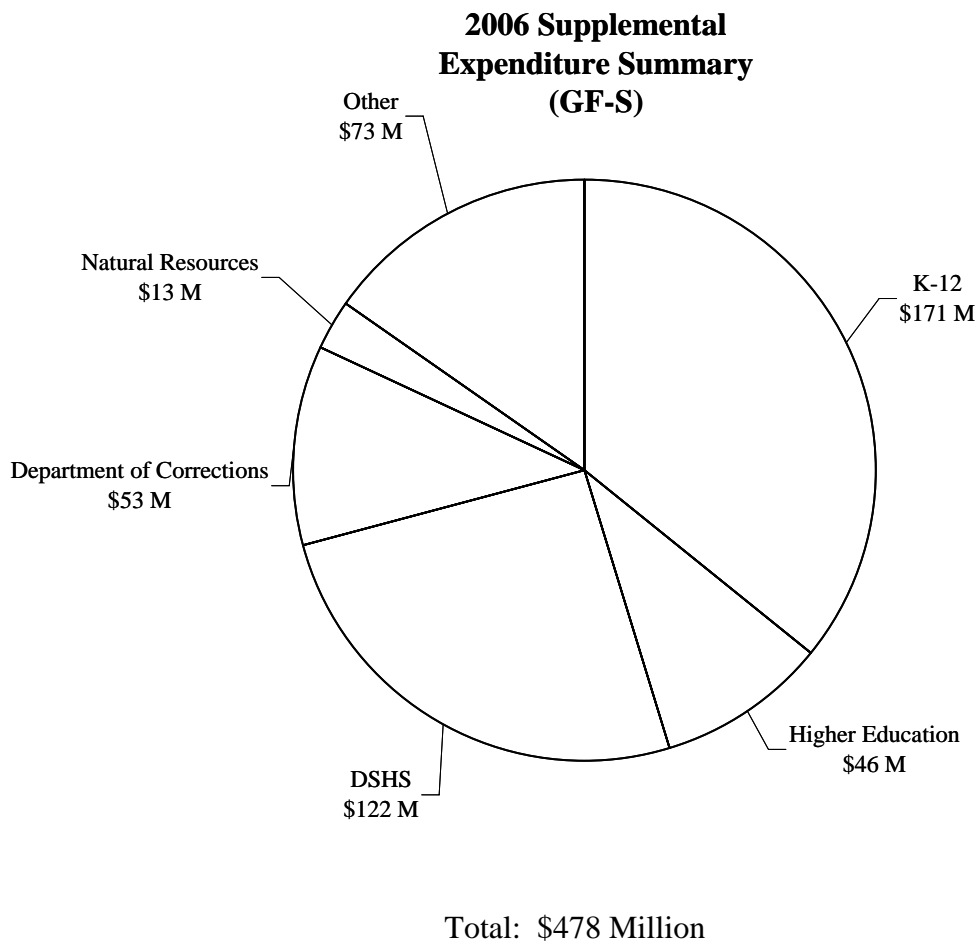
Student Achievement Fund .....	\$200 million
Health Services Account* .....	\$146 million
Debt Service .....	\$100 million
Pension Funding Stabilization Account* .....	\$301 million
Ending Fund Balance (GF-S) .....	<u>\$238 million</u>
<b>Total</b>	<b>\$985 million</b>

\* After 2005-07 Expenditures

# Expenditure Summary

(GF-S)

K-12 .....	\$171 million
Higher Education .....	\$46 million
DSHS Children and Family Services.....	\$28 million
DSHS Mental Health .....	\$51 million
DSHS Long-term Care.....	\$44 million
DSHS Economic Services Administration .....	\$61 million
Other DSHS .....	-\$62 million
Department of Corrections.....	\$53 million
Natural Resources .....	\$13 million
Other .....	<u>\$73 million</u>
<b>Total:</b>	<b>\$478 million</b>



# Functional Area Highlights

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## K-12

- \$31.3 million GF-S for extended learning programs to assist high school students who have failed one or more subject areas of the 10<sup>th</sup> grade WASL.
- \$3.4 million GF-S for development and distribution of a math remediation program.
- \$4 million GF-S for Navigation 101.
- \$2.9 million GF-S for a student data system.
- \$4.8 million for a salary increase for teachers with at least 25 years experience.

## Higher Education

- \$5.2 million GF-S for the Opportunity Grant Program (a work force education program).
- \$3.7 million GF-S for high demand enrollments in nursing, engineering, math, and science.
- \$7.8 million GF-S for the University of Washington for operation of a research facility at South Lake Union (\$2.4 million), for a Global Health Initiative (\$2 million), and for operating and maintenance costs on the Bioengineering and Genome Sciences buildings. (\$3.4 million)
- \$1 million GF-S for life sciences research at Washington State University.
- \$4.6 million GF-S to the Community and Technical Colleges for maintenance and operation of new state-funded instructional buildings and alternatively financed instructional facilities.
- \$0.3 million GF-S for branch planning at WSU-Tricities, and \$0.3 million for the North Shohomish, Island, and Skagit Consortium for Higher Education.

## Health Care

- \$9.5 million GF-S for an additional 4,500 Basic Health Plan enrollments.
- \$7.7 million GF-S for a total of 11,300 children to be enrolled in the Children's Health Program by the end of 2007.
- \$18.2 million GF-S for Medicaid Part D co-payments for low income or disabled persons.
- \$0.1 million GF-S, \$7.0 million federal, for pandemic flu planning and preparedness.
- \$2.0 million GF-S for breast and cervical cancer screening for low income, uninsured women.

## Human Services

- \$12.0 million GF-S, \$7 million federal in foster care related programs.
- \$5.8 million GF-S, \$2.4 million federal for additional child welfare 30-day visits.
- \$5.6 million GF-S, \$5.6 million federal for agency home care worker parity.

- \$10.0 million GF-S, \$10.0 million federal for nursing home payments.
- \$46.0 million GF-S for state hospital wards and community mental health.
- \$50.5 million GF-S to balance the WorkFirst/TANF Box shortfall.
- \$11.2 million for the Department of Corrections OMNI computer system.

### **Natural Resources**

- \$2.8 million GF-S to mitigate the impact of removing the parking/access fees for state parks, and \$1.0 million GF-S for the new State Parks Centennial Account.
- \$1.9 million State Toxics Account for clean-up of polluted sites in Puget Sound, and \$3.0 million from the same account for Hanford.
- \$2.0 million GF-S for a water management program in the Columbia River basin.

### **Other Items**

- \$49.0 million GF-S for the unfunded accrued actuarial liabilities in PERS and TERS Plans 1.
- \$25.0 million GF-S for the Energy Freedom Program
- \$25.0 million GF-S for affordable housing (transferred to the Capital Budget).
- \$46.0 million federal for Homeland Security funding.
- \$2.5 million GF-S for the Washington Information 211 Network.
- \$4.0 million for business retention efforts.

# 2005-07 Biennial Balance Sheet Including Proposed 2006 Supplemental Budget

General Fund-State Dollars in Millions

<b>RESOURCES</b>	
<b>Beginning Fund Balance</b>	<b>869.7</b>
November 2005 Forecast	26,335.7
February 2006 Forecast Update	107.3
Legislatively-enacted fund transfers and other adjustments	216.8
<b>2006 Supplemental: Legislation Impacting Revenues</b>	
Revenue Policy Legislation (Net)	(2.5)
<b>Current Revenue Totals</b>	<b>26,657.3</b>
Adjustments to fund transfers	(9.5)
<b>Total Resources (Includes Fund Balance)</b>	<b>27,517.5</b>
<b>APPROPRIATIONS AND SPENDING ESTIMATES</b>	
2005-07 Appropriations	25,952.4
2006 Supplemental Budget	
Maintenance and Other Expenditures	477.6
Appropriations to Reserves and Other Funds	
Student Achievement Fund [1]	200.0
Health Services Account [1], [2]	200.0
Debt Service Reserve [3]	100.0
Pension Stabilization [4]	350.0
<b>Spending Level</b>	<b>27,280.0</b>
<b>UNRESTRICTED GENERAL FUND BALANCE</b>	
<b>Projected Ending Fund Balance</b>	<b>237.5</b>

[1] Contained in separate legislation.

[2] A portion of the funding is spent in the 2005-07 Biennium.

[3] Contained in the operating budget bill.

[4] \$300 million is appropriated in separate legislation for the 2007-09 Biennium. The remainder is transferred and spent in the operating budget bill.



# Detail of Fund Transfers & Budget Reserves

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(Dollars in Millions)

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## Adjustments To Fund Transfers

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### Transfers To GFS

Tourism Account (technical correction)	0.3
Treasurers Service Account	<u>6.0</u>
<b>Total</b>	<b>6.3</b>

### Transfers From GFS

Reduce PEBB Transfer (Related to Tri-Care)	(12.0)
Reduce PLIA Transfer	<u>(3.8)</u>
<b>Total</b>	<b>(15.8)</b>

**Net Transfers To/(From) GFS** **(9.5)**

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## Budget Reserves (For 2007-09)

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Student Achievement Fund	200.0
Health Services Account*	146.0
Debt Service Reserve	100.0
Pension Funding Stabilization Account*	301.4
General Fund Ending Balance	<u>237.5</u>
	<b>984.9</b>

\* After 2005-07 expenditures.

# 2006 Revenue Legislation

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(dollars, in thousands)

<b><u>Bill</u></b>	<b><u>2005-07 Total</u></b>	
2671	Excise tax due dates/penalty	(18,260)
2457	Tax relief/farm machinery	(9,778)
2644	Public utility tax credit	(6,000)
2424	Tax exemption/farm fuel	(4,440)
3159	Excise tax relief food products	(3,017)
2466	Tax relief for aerospace	(2,912)
3059	Professional employer org	(2,147)
2565	Worker training b & o tax	(1,500)
2645	Public utility tx credit/gas	(1,500)
2677	PLIA reauthorization	(1,300)
2640	Biotechnology product	(1,394)
1523	Vegetable seeds	(1,268)
2348	Aluminum smelters	(1,144)
3114	Wood waste boiler equipment	(1,040)
2447	Public facilities districts	(389)
2580	Canned salmon	(225)
2778	Convention/tourism promotion	(200)
2364	Credit union & state charter	(158)
2590	Nonprofit/zoological purpose	(154)
3222	Livestock manure	(41)
2646	Trail grooming	(34)
2799	Solar hot water	(14)
2569	Property tax deferral prgrm	(13)
2561	Shipment of wine	2,800
2880	Insurance premiums	51,598
	<b>Total GFS Impact</b>	<hr/> (2,530)

# Adjustments to the Initiative 601 Expenditure Limit

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(Dollars in Millions)

	<b>FY 2006</b>	<b>FY 2007</b>
<b>Unadjusted Limit (Rebased to 2005 Appropriations)</b>	12,564.17	13,925.45
<b>2005-07 Original Budget</b>		
2005-07 Net Adjustments	249.06	72.37
<b>2006 Supplemental Budget</b>		
2006 Net Adjustments	662.27	(16.37)
<b>Limit (After Adjustments, Both 2005-07 + 2006 Supp)</b>	13,475.504	13,981.447
<b>Total Appropriations</b>	13,470.16	13,809.82
<b>Amount Under/(Over) Limit</b>	5.35	171.63

*Note: Expenditure limit calculations are preliminary estimates only. Actual spending limits are established by the Expenditure Limit Committee each fall.*



# K-12 EDUCATION

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## **Providing Extended Learning Programs for High School Students (\$31.3 million General Fund - State)**

Funding is provided for extended learning programs such as summer school, before and after school programs, and tutoring for high school students who have not met standard on one or more subject areas of the 10th grade Washington Assessment of Student Learning (WASL).

## **Assessment Funding Adjustments (\$5.1 Million General Fund-State)**

Funding is provided for additional costs associated with having the 10th grade WASL assessment results returned to students by June 10th of each year, and the development and administration of the Science WASL.

## **Math Remediation (\$3.4 Million General Fund-State)**

Funding is provided for the development and distribution of instructional modules aimed at assisting teachers and students in mathematics, as well as the development of a 10th grade mathematics assessment tool that presents mathematics essential learning concepts in separate "mini-assessments" for students to attempt individually.

## **Navigation 101 (\$4.0 million General Fund - State)**

Funding is provided for Navigation 101 - a guidance counseling and mentoring program that assists high school students with choosing courses and setting goals that advance their career and postsecondary options.

## **Creation of Education Ombudsman and the Center for the Improvement of Student Learning (\$1.3 million General Fund - State)**

Funding is provided for the implementation of Engrossed Substitute House Bill 3127 which (1) reactivates the Center for Improvement of Student Learning within the Office of the Superintendent of Public Instruction (OSPI); (2) requires the State Board of Education to establish an ombudsman program; and (3) creates an Education Advisory Committee to advise and make recommendations to the Legislature, the Governor, and the State Board of Education regarding the education ombudsman program and other issues.

## **School Breakfast Programs (\$2.0 Million General-Fund State)**

Funding is provided for the following enhancements to school breakfast programs: (1) the level of reimbursement per meal is increased for each student eligible for free and reduced price; (2) the co-pay is eliminated for students eligible for reduced price; and (3) additional resources are provided to assist school districts in establishing summer food programs.

### **Natural Gas and Diesel Fuel Price Increases (\$12.1 Million General Fund - State)**

One-time funding is provided for: (1) additional allocations to help school districts in managing recent increases in diesel fuel prices (\$5.6 million); and (2) additional assistance to school districts in managing recent increases in natural gas rates (\$6.5 million).

### **Salary Increase for Certificated Instructional Staff (\$4.8 million General Fund - State)**

Funding is provided for a 1 percent salary increase for Certificated Instructional Staff (CIS) such as teachers, counselors, librarians, and other staff requiring certification who have more than 25 years of experience in the public school system.

### **Additional Funding for Educating Special Needs Students in Staffed Residential Homes (\$4.2 million General Fund - State)**

Funding is provided to mitigate the cost to districts of educating high concentrations of special needs students who reside in Staffed Residential Homes.

### **Skill Center Incentive Fund (\$860,000 General Fund - State) & National Board of Professional Teaching Standards (\$710,000 General Fund - State)**

Funding provided for the Skill Center Incentive Fund will (1) address financial disincentives experienced by districts in sending their students to Skill Centers, and (2) expand Skill Center summer school programs. Funding provided for the National Board of Professional Teaching Standards (NBPTS) Program will help maintain the bonus paid to National Board Certified Teachers at \$3,500 per year, and also support NBPTS minority recruitment programs established within OSPI.

### **Student Data System (\$2.9 Million General Fund-State)**

Funding is provided to create a statewide database of longitudinal student information. The database will provide a central repository for student achievement and demographic information; allow teachers to review and track individual student achievement over time on state-standardized and classroom-based assessments by specific content strands; and provide a way to develop, track, and transfer student learning plans.

### **Safe Schools Federal Backfill (\$1.0 Million General Fund-State)**

Funding is provided for the Safe and Drug Free Schools Program. The federal government has reduced the amount of funding provided to Washington for the Safe and Drug-Free Schools and Communities (SDFSC) grants by approximately \$1.5 million or 21 percent in FY 2007. This one-time state funding of \$1.0 million is provided to help mitigate the impact of this federal budget reduction.

### **Health Benefit Changes (\$2.6 Million General Fund-State)**

Funding is provided for additional health benefits costs. The original 2005-07 operating budget provided an increase in the health benefit funding rate from the 2005-06 school year to the 2006-07 school year of 8 percent. The House supplemental budget incorporates a rate increase of 8.5 percent between the two school years. As a result of this change, the increases in the K-12 funding rates correspond to similar increases in the state employer rates.

# HIGHER EDUCATION

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## ACCESS

### **High Demand Enrollments (\$3.7 Million General Fund-State)**

Funding is provided to expand access to high demand enrollments in the fields of nursing, engineering, math, and science. Funding is sufficient for 150 additional enrollments in fiscal year 2007 at the University of Washington and 80 additional enrollments in fiscal year 2007 for Washington State University.

### **Applied Baccalaureate Degrees and University Contracts (\$1.1 Million General Fund-State)**

Funding is provided for planning and other costs associated with the implementation of four applied baccalaureate programs in the community and technical college system. Additionally, support for university contracts is provided by increasing the per student state subsidy of 120 enrollments to \$6,300.

### **North Snohomish, Island, and Skagit Consortium for Higher Education (\$0.3 Million General Fund-State)**

Funding is provided expanding access to higher education in north Snohomish, Island, and Skagit counties. The Consortium will serve 250 student FTEs through the university contract model. Support for university contracts is provided by increasing the per student state subsidy of 120 enrollments to \$6,300.

### **Planning and Emergency Management (\$0.3 Million General Fund-State)**

Funding is provided to establish a Planning and Emergency Management program at Western Washington University.

### **Branch Campus Planning (\$0.3 Million General Fund-State)**

Funding is provided to Washington State University (WSU) Tri-Cities to assist in the transition from a branch campus to a four-year campus. Funds may be used to develop curricula, recruit new faculty, and expand student services. WSU Tri-Cities may begin enrolling lower-division students in Fall 2007.

## AFFORDABILITY

### **Opportunity Grants (\$5.2 Million General Fund-State)**

Funding is provided to the State Board for Community and Technical Colleges to develop and implement a work force education program to provide funding for low-income students known as the Opportunity Grant Program .



### **Leadership 1000 Scholarship Fund (\$0.5 Million General Fund-State)**

Funding is provided for the Higher Education Coordinating Board to contract with the Washington Leadership 1000 Scholarship Program to support, develop, and implement the scholarship program which matches private benefactors with selected economically disadvantaged students.

### **Teach Math and Science Scholarships (\$0.9 Million General Fund-State)**

Funding is provided to expand the existing future teacher conditional scholarship program and the alternative routes scholarship program by 100 scholarships. The additional scholarships are dedicated for teachers of math and science.

## **RESEARCH**

### **South Lake Union (\$2.4 Million General Fund-State)**

Funding is provided for the University of Washington to operate a research facility near Lake Union for its medical school. State funding leverages private and federal investments to make a contribution to the state's medical and research economy.

### **Global Health Initiative (\$2.0 Million General Fund-State)**

Funding is provided to the University of Washington to create the Department of Global Health. The Department will focus on identification and evaluation of health problems and health inequities in underserved populations and development and implementation of interventions that can reduce the incidence of disease.

### **Pacific NW Seismic Network (\$0.4 Million General Fund-State)**

Funding is provided to the University of Washington to enhance the Pacific Northwest Seismic Network's ability to assist state emergency managers. The additional resources would enable development of monitoring tools, databases, and communications, and would link them to the State Emergency Management Division.

### **Life Sciences Research (\$1.0 Million General Fund-State)**

Funding is provided to Washington State University for the development of life sciences research in Spokane. The research will focus on developing and implementing new medical treatment therapies.

### **Biologically Intensive and Organic Agriculture (\$0.8 Million General Fund-State)**

Funding is provided to the Center for Sustaining Agriculture and Natural Resources to create a Biologically Intensive and Organic Agriculture Program (BIOAg). The mission of the BIOAg program is to enhance the economic and environmental health of Washington agriculture through research, education and outreach on organic and other biologically intensive farming methods.

### **Agricultural Weather Network (\$0.8 Million General Fund-State)**

Funding is provided for operational support of the Agriculture Weather Network. The network provides data on wind for fire services, airborne particulates, and other weather-dependent state and private agricultural, natural resource, and environmental activities in Washington.

## **OTHER**

### **Facilities Maintenance (\$4.6 Million General Fund-State)**

Funding is provided to the community and technical colleges for the maintenance and operation of state-funded facilities that will be occupied in the 2005-07 biennium. Funding is also provided for instructional facilities that were financed with Certificates of Participation.

### **Bioengineering and Genome Sciences Buildings (\$3.4 Million General Fund-State)**

Funding is provided for the University of Washington to pay for operations and maintenance costs of the Bioengineering and Genome Sciences buildings that will come on line during the 2005-07 biennium.

### **Part-Time Health Benefits (\$0.8 Million General Fund-State)**

Funding is provided to maintain health care benefits for part-time academic employees at community and technical colleges, provided the employees establish and maintain an annual average workload pattern of over 50 percent time.

### **Access to Digital Libraries (\$1.4 Million General Fund-State)**

Funding is provided at the community and technical colleges to permit system-level license purchasing of full-text databases for certain fields of study, including allied health, information technology and engineering. Funding will provide uniform access to these databases across the system.

### **Utility Rate Adjustments (\$3.0 Million General Fund-State)**

One-time funding is provided to institutions of higher education for assistance in managing recent increases in natural gas rates during FY 2006. The funding provides the General Fund - State share of a 17.5 percent increase in the cost of natural gas.

# EARLY LEARNING

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## **Expand Early Reading Initiative (\$400,000 General Fund-State)**

One-time funding is provided to expand the early reading initiative.

## **Department of Early Learning (\$1.1 Million General Fund-State)**

Funding is provided for one-time and on-going costs related to the establishment of the new Department of Early Learning (DEL), which will be a cabinet level agency. Duties transferred either through Second Substitute House Bill 2964 (Department of Early Learning) or from an assumed transfer agreement with other state agencies to the newly created DEL include state employee child care, state policy and licensing of child care, the Working Connections Child Care subsidies program, the Head Start Collaboration Office, and the Early Childhood Education and Assistance Program.

## **Family Child Care Collective Bargaining (\$265,000 General Fund-State)**

Funding is provided for the administrative costs to implement the collective bargaining process established in Engrossed Second Substitute House Bill 2353 (family child care providers).

# HEALTH CARE

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## HEALTH CARE

### **Increase Basic Health Plan Enrollment (\$9.5 Million, Health Services Account)**

Funding is provided to increase subsidized enrollment in the Basic Health Plan by 4,500 enrollees starting in July 2006.

### **Children's Health Program (\$7.7 Million General Fund-State, \$0.2 Million General Fund-Federal)**

The 2005-07 enacted budget assumed that 8,750 children would be enrolled in the Children's Health Program by the end of the biennium. The program provides medical and dental coverage for children whose family incomes are below the poverty level but who are not eligible for Medicaid because of their immigration status. Funding provided in the 2006 supplemental will cover increased enrollment in the program, earlier access to coverage, and increased per capita costs. An average of 4,200 additional children will receive coverage in FY 2007 bringing total enrollment in the program up to 11,300 children by the end of the biennium.

### **Medicare Part D Co-Payments (\$18.2 Million General Fund-State)**

Funding is provided to cover the cost of prescription drug co-payments under Medicare Part D for low-income elderly and disabled Washingtonians whose drug costs were previously covered by the state Medicaid program.

### **Small Employer Health Insurance Assistance Partnership Program (\$1.7 Million, Health Services Account)**

Funding is provided for the Small Employer Health Insurance Assistance Partnership Program (SEHIP) to establish a premium assistance program for employees of small businesses that offer health coverage that meets program requirements. Funds provided are for the Health Care Authority to establish the program and provide premium assistance to a limited number of participating employers' employees.

### **Immunization Program (\$2.9 Million General Fund-State, \$1.1 Million General Fund-Federal)**

Funds are provided to cover vaccinations for meningitis, varicella (chicken pox), and pertussis (whooping cough) through the state universal access immunization program. Funding is also provided for the Department of Health to add one or more combination vaccines to the choices available to parents through the program.

### **Expanded Provider Reviews and Prior Authorization (\$3.1 Million General Fund-State and \$3.1 Million General Fund-Federal Savings)**

Funding is provided to expand on existing initiatives to ensure the appropriate and cost-effective use of medical services.

**Pandemic Flu Planning and Preparedness (\$100,000 General Fund-State, \$7.0 Million Federal)**

Funding is provided for state and local health departments to develop and implement plans for responding to pandemic flu.

**Breast and Cervical Cancer Screening (\$2.0 Million General Fund-State)**

Funding is provided to increase the number of low-income, uninsured women screened through the Washington Breast and Cervical Health Program.

**Health Care Services Study (\$0.6 Million Health Services Account)**

Funding is provided for the Health Care Authority, in cooperation with the Department of Social and Health Services, to report to the Legislature annually beginning on November 15, 2006, on the employment status of enrollees in the Basic Health Plan and state Medical Assistance programs.

**State Evidence-Based Health Technology Assessment Program (\$0.5 Million Health Services Account, \$0.4 Million General Fund-Federal, \$0.3 Million Other Funds)**

Funding is provided for the Health Care Authority to establish an inter-agency Health Technology Clinical Advisory committee to study evidence-based assessments of health technologies and procedures and make recommendations to the state's major health care purchasers. Funds will be provided for conducting assessments at health technology assessment centers. Participating agencies include the Department of Social and Health Services, the Department of Labor and Industries, the Health Care Authority, the Department of Corrections, and the Department of Veterans' Affairs.

## **MENTAL HEALTH**

**System Transformation Initiative (\$20.0 Million General Fund-State)**

Funding is provided for the implementation of a comprehensive strategy for transforming the delivery of public mental health services for people with severe and persistent mental illness. The strategy will clearly define state hospital and Regional Support Network (RSN) responsibilities with regard to people who require short and long-term care; emphasize the use of evidence-based practices; fund the phased-in development and ongoing support of community-based alternatives to state psychiatric hospitalization; link the receipt of community funding to achievement of negotiated performance objectives, and to not pursuing claims for alleged damages from past practices; hold RSNs accountable for managing state hospital admissions and discharges within established bed allocation targets; and hold the state hospitals accountable for admitting people who need their acute care on a timely basis, and for effectively supporting these individuals' recovery and return to the community. The legal framework and accountability mechanisms within which the initiative will operate will be defined in policy legislation that will be enacted prior to the end of the 2006 legislative session. Key components of the strategy will be specified and funded in further detail in the enacted 2006 supplemental budget.

**Regional Support Network Funding Increase (\$10.9 Million General Fund-State, \$10.6 Million General Fund-Federal)**

Funding is provided to improve the quality and availability of community mental health services and to assure more equitable access to such services statewide. In FY 2007, non-Medicaid funds are to be distributed proportional to total population in each Regional Support Network (RSN) region. Medicaid payment rates are increased to the statewide average for those RSNs whose rates would otherwise be below that level, and by 3 percent for those RSNs whose rates are above the current average. Additional state funds are provided to assure that no RSN receives less total funding next year than this year. Statewide, total RSN funding is increased by \$33.6 million, or 9 percent, in FY 2007.

**Pierce County Lawsuit (\$14.5 Million General Fund-State)**

A Thurston County Superior Court has ruled that the Department of Social and Health Services may not delay admissions to the state psychiatric hospitals because beds are not available, and may not charge Regional Support Networks for using more than their contracted number of beds. Funding is provided to satisfy the Court's financial award to Pierce County and to open two additional wards at Western State Hospital to comply with the Court's order that eligible patients from Pierce County be immediately admitted to the hospital. A total of six additional wards may need to be opened before the end of the current biennium, if the order stands and is applied statewide.

**Eastern State Hospital Legal Offender Bill ( \$1.3 Million General Fund-State)**

Funding is provided for increased staffing and operating costs on the legal offender admissions unit at Eastern State Hospital (ESH). This unit evaluates criminal defendants for competency to stand trial, and provides short-term treatment aimed at competency restoration. ESH admissions for such services are consistently exceeding budgeted capacity.

# HUMAN SERVICES

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## CHILDRENS ADMINISTRATION

### Goals Supporting Braam Oversight Panel

The Department of Social and Health Services Children's Administration continues to work with the Braam Oversight Panel to establish benchmarks and achieve outcomes in six areas: placement stability, mental health, foster parent training and information, unsafe/inappropriate placements, sibling separation, and services to adolescents. The following funding provides increases to support a number of these goals:

#### **Child Welfare 30-day Visits (\$5.8 million General Fund-State, \$2.4 million General Fund-Federal)**

Funding is provided to phase-in an additional 200 child welfare workers to achieve the goal of face-to-face contact with children, parents, and/or caregivers every 30 days, for both in-home services and out-of-home placements.

#### **Extend Foster Care to Age 21 for Post-Secondary Education (\$582,000 General Fund-State)**

Funding is provided for Second Substitute House Bill 2002 (foster care support services), which extends foster care services to age 21 for up to 50 youths per year who are engaged in a post-high school academic or vocational program.

#### **Foster Parent Critical Support and Retention Program (\$521,000 General Fund-State; \$223,000 General Fund-Federal)**

Funding is provided for Second Substitute House Bill 3115 (foster care critical support), to implement support services for foster parents caring for children who act out sexually and/or physically, as part of a statewide foster parent critical support and retention program. It is estimated that 618 foster homes will receive this training in FY 2007.

#### **Supervised Visitation (\$916,000 General Fund-State; \$360,000 General Fund-Federal)**

Funding is provided for costs associated with supervised visitation that are higher than forecasted in the original biennial budget. Visitation between siblings is a benchmark in the Braam Panel's Implementation Plan relating to sibling separation.

#### **Placement Evaluations (\$270,000 General Fund-State)**

Funding is provided for costs associated with placement evaluations that are higher than forecasted in the original biennial budget. Timely psychiatric and psychological evaluations for children in foster care is one of the benchmarks in the Braam Panel's Implementation Plan.

**Child Welfare Information System (\$3.8 million General Fund-State, \$3.8 General Fund-Federal)**

Funding is provided to replace the current child welfare information system with a Statewide Automated Child Welfare Information System (SACWIS). DSHS will hire an implementation vendor and perform initial implementation work. The total project is estimated to cost \$11.8 million in state funds and is scheduled to be completed in the beginning of 2009.

## **LONG TERM CARE**

**Nursing Home Rates (\$10 Million General Fund-State, \$10 Million General Fund-Federal)**

Funding is provided to increase nursing home payments by \$20 million pursuant to Proposed Substitute House Bill 2716.

**Capital Payments for Assisted Living Facilities (\$1.2 Million General Fund-State, \$1.1 General Fund-Federal)**

Funding is provided to implement Engrossed Substitute House Bill 2925, which provides capital add-on rates to assisted living facilities that have a minimum Medicaid occupancy percentage of 60 percent or greater and includes managed care clients in occupancy calculations.

**Agency Home Care Worker Parity (\$5.6 Million General Fund-State, \$5.6 Million General Fund-Federal)**

Funding is provided to convert the cost of the compensation increases negotiated and funded by individual providers of home services into an hourly amount that will be added to the statewide agency home care provider vendor rate. The state contracts with agencies and individual home care workers to provide long-term care services to approximately 35,000 elderly and disabled clients who are eligible for publicly-funded services through the Department of Social and Health Services. The Department's contribution rate for health care benefits, including but not limited to medical, dental, and vision benefits, will be paid to agency providers of home services at the same rate as negotiated and funded for individual providers, increasing monthly premium payments from \$413 per eligible worker to \$532 per eligible worker in FY 2007. In addition, monthly premium payments for FY 2006 are increased from \$380 per eligible worker to \$449 per eligible worker.

**Nursing Home Lawsuit & Settlement (\$8 Million General Fund-State, \$8 Million General Fund-Federal)**

Funding is provided for a lawsuit settlement between the Department of Social and Health Services and nursing homes concerning payments for patients dually eligible for Medicare and Medicaid.



**Adult Day Health Services Rate Increase (\$830,000 General Fund-State, \$753,000 General Fund-Federal)**

Funding is provided to increase payment rates for Adult Day Health services by 14 percent.

**Alien Emergency Medical Program (\$959,000 General Fund-State)**

State funds are provided to continue nursing home care for 34 low income adults who are not eligible for Medicaid because of their immigration status. Care for these individuals was previously funded through the Medicaid Alien Emergency Medical (AEM) Program, but that coverage has been discontinued because their conditions do not qualify as emergencies under federal program guidelines.

**Area Agencies on Aging (\$740,000 General Fund-State, \$740,000 General Fund-Federal)**

Funding is provided to increase vendor payments to Area Agencies on Aging (AAAs) that provide case management and nurse oversight services for publicly-funded in-home care clients.

## **ECONOMIC SERVICES ADMINISTRATION**

**Balance Workfirst Shortfall (\$50.5 Million General Fund-State)**

Funding is provided to balance the WorkFirst program. During 2005, the Governor requested a workgroup to examine the program, and to provide recommendations to balance a \$106 million deficit for the 2005-07 biennium. The Governor expects to implement portions of the workgroup's recommendations by making \$36 million in reductions through various efficiencies, caseload reductions, and full-family sanctions. The revised 2005-07 spending plan also includes the use of \$20 million in resources from federal incentives and other one-time sources.

**Limited English Proficiency (LEP) Pathway (\$1.5 Million General Fund-State)**

Funding is provided to supplement existing state and federal funds dedicated to LEP services, which assist public assistance-eligible refugees and others who have a limited ability to speak English by providing specialized job training, English-as-a-second-language classes, and other services.

## **OTHER HUMAN SERVICES**

**Increase Community Residential Support for Individuals with Developmental Disabilities (\$0.6 Million General Fund-State, \$0.6 Million General Fund-Federal)**

Funding is provided for community residential placements and support services for up to 19 additional clients in FY 2007. A total of 93 placements are provided during the 2005-07 biennium. Priority for the placements will include clients without residential services who are in crisis, community protection clients, children aging out of other state services, and current waiver clients who need additional services.

**Expand Employment and Day Services (\$1.1 Million General Fund-State, \$0.2 Million General Fund-Federal)**

Funding is provided for an additional 250 individuals with developmental disabilities to receive employment and day program opportunities in the 2005-07 biennium. Funds are prioritized for young adults graduating from high school and are for both clients receiving federal Medicaid waiver services and non-waiver clients.

**Additional Caseworkers to Support Clients with Developmental Disabilities (\$0.4 million General Fund-State, \$0.3 million General Fund-Federal)**

Funding is provided to add six additional case resource managers and related support staff in FY 2007. New resources will be targeted to ensure that clients receive access to services.

**Enhance Family Planning Services (\$0.8 Million General Fund-State, \$2.3 Million General Fund-Federal)**

Funding is provided to increase access to family planning nurses and health educators located in the Department of Social and Health Services' Community Services Offices. In addition, funding is provided to enhance existing family planning pilot programs operated through the Department of Health and to expand the program to Okanogan and Skagit counties.

**Licensed Professional Services (\$100,000 General Fund-State)**

Funding is provided to continue to offer licensed professional services, including dental services, medical and nursing services, psychology and behavioral services, and rehabilitative services, at the state Residential Habilitation Centers to clients who are served in community settings.

# PUBLIC SAFETY

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## **Offender-Based Tracking System Replacement - Phase 3 (\$11.3 Million General Fund-State)**

The Offender-Based Tracking System (OBTS) is the primary information system used by the Department of Corrections (DOC) to track and manage offenders both in prisons and in the community. The system supports over 6,000 users who supervise roughly 17,500 incarcerated offenders and 26,000 offenders in the community. Funding is provided for the third phase of the project to replace the OBTS with the new Offender Management Network Information (OMNI) system, which is expected to reduce data entry time for Community Corrections Officers and improve reporting requirements.

## **Community-Based Drug Offender Treatment (\$3.2 Million General Fund-State)**

Last year the Legislature authorized the establishment of a community-based Drug Offender Sentencing Alternative (DOSA). Offenders sentenced under a community-based DOSA receive a term of community custody in lieu of a prison term and must complete a certified residential treatment program for a period of three to six months. Funding is provided to cover additional expenditures incurred by the DOC in implementing the new law, including costs for securing 100 residential treatment beds and for conducting court-ordered chemical dependency examinations. The legislation is expected to save the state 36 prison beds in FY 2007.

## **Electronic Monitoring of Sex Offenders (\$1.2 Million General Fund-State)**

Funding is provided for the implementation of Substitute House Bill 2407, which requires courts to impose electronic monitoring as a condition of community custody for sex offenders convicted of a two-strikes sex offense or failure to register as a sex offender, and authorizes DOC and the courts to impose electronic monitoring for all other sex offenders. It is estimated that the Department will electronically monitor 156 sex offenders in FY 2007, and that the number of offenders subject to such supervision requirements will increase to 722 by FY 2010.

# GENERAL GOVERNMENT

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## JUDICIAL AGENCIES

### **Parents' Representation Program (\$5.7 Million General Fund-State)**

The Office of Public Defense will expand implementation of the Parents' Representation Program to provide indigent parents with legal advocacy in dependency and termination cases. Funding is provided for the top five priority counties to adjust caseloads per public defender to the level recommended by the Washington Bar Association.

### **Indigent Defense (\$3.8 Million General Fund-State)**

Funding is provided to increase the amount of resources available to expand pilot projects to improve criminal indigent defense.

### **Juror Pay Pilot Research Project (\$0.6 Million General Fund-State)**

Funding is provided for a pilot project, and accompanying research study, to assess the impact of juror pay on juror response rates and the demographic composition of the jury pool.

### **Emergency Civil Legal Aid (\$0.6 Million General Fund-State)**

Funding is provided to the Office of Civil Legal Aid to mitigate the loss of federal dollars targeted to meet emergency civil legal needs of low-income victims of domestic violence.

### **Washington Defender Association (\$0.4 Million General Fund-State)**

Funding is provided for the training of public defenders by the Washington Defender Association.

## MILITARY DEPARTMENT

### **Washington Information Network 2-1-1 (\$2.5 Million General Fund-State)**

Funding is provided in fiscal year 2007 for the Washington Information Network 2-1-1 to continue and expand operation of their statewide emergency service network.

### **Homeland Security Funding (\$46.0 Million General Fund-Federal)**

Federal funds are allocated for homeland security purposes to be distributed to local jurisdictions and state agencies for exercises, equipment, training, and response.

### **Tsunami Warning Radios (\$950,000 General Fund-State)**

Funding is provided for the installation of at least 20 "All Hazard Alert Broadcast" radios along Washington's coast.

# DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT

## **Sexual Assault Services (\$2.0 Million General Fund-State)**

Funding is provided for sexual assault victim advocates' programs. The funding is for core services, such as a 24 hour hotline, crisis intervention advocates, legal, medical and general advocacy; specialized therapy and social work services; services targeted to underserved populations; and sexual assault prevention and community education.

## **Community Services Block Grant (\$1.0 Million General Fund-State)**

Funding is provided to enhance federal appropriations to assist community action agencies.

## **Domestic Violence Legal Advocacy (\$0.5 Million General Fund-State)**

Federal reductions in the Justice Assistance Grant have resulted in reduced funding for domestic violence legal advocacy. The grant has been reduced by 40 percent since FY 2004. Additional one-time state funding is provided to mitigate the reductions. A total of \$700,000 is provided for FY 2007, which includes an appropriation of \$170,000 provided in the 2005-2007 enacted operating budget.

## **Employment Resource Center (\$1.6 Million General Fund-State)**

Funding is provided for lease costs associated with the Employment Resource Center required by the Master Site Agreement negotiated in 2003 between the state, other public entities and Boeing. The Center is located close to Paine Field in Everett, and will house the workforce training program for the 787 Dreamliner and its suppliers. An Employment Security WorkSource office will be located in the building to provide employment, training, and business services to job seekers and employers in the aerospace and other industries.

## **Cluster Based Economic Development (\$0.6 Million General Fund-State)**

A competitive grant program is created to assist communities develop, in partnerships, and regional economic development and industry cluster strategies.

## **Small Business Incubators and Entrepreneurial Support (\$0.6 Million General Fund-State)**

Funding is provided to create a competitive grant program for small business incubators and entrepreneurial support programs.

## **Poulsbo Marine Science Center (\$0.25 Million General Fund-State)**

Funding is provided to the City of Poulsbo for the reopening of the Poulsbo Marine Science Center as an educational facility on the Puget Sound marine environment.

### **Court Appointed Special Advocates (\$0.1 Million General Fund-State)**

Funding is provided to increase the support provided for Dependency Court Appointed Special Advocate (CASA)/ Guardian ad Litem (GAL) programs serving abused and neglected children throughout the state. Funds will be distributed to local CASA programs in accordance with a formula established by the state's juvenile court administrators.

### **Weed and Seed Program Support (\$0.4 Million General Fund-State)**

One-time funding is provided to mitigate a Department of Justice (DOJ) lapse in funds due to a federal audit finding on the DOJ. Weed and Seed is a community capacity building program that assists communities in addressing violent crime, gang activity, and drug trafficking in neighborhoods. Three programs (two in Seattle and one in Rochester) that are experiencing a lapse in federal funds will be funded by the state in FY 2007.

### **Dead Sea Scrolls (\$0.25 Million General Fund-State)**

One-time funding is provided to assist with a variety of components related to the Dead Sea Scrolls exhibition at the Pacific Science Center in September of 2006.

## **DEPARTMENT OF INFORMATION SERVICES**

### **Digital Learning Commons (\$1.5 Million General Fund-State)**

Funding for a statewide education network that provides support to students and teachers and includes online courses, career and college planning, a digital library and technology tools.

## **DEPARTMENT OF LABOR AND INDUSTRIES**

### **Crime Victims Compensation (\$2.75 Million Public Safety and Education Account-State)**

Additional funding is provided for the Crime Victims Compensation program. By statute, the Crime Victims Compensation Program's rates for inpatient hospitalization cannot be lower than those paid by the Department of Social and Health Services. The rates for the Medicaid program were increased in the 2005-07 biennium. Also included is funding to restore the program's reimbursement rates for mental health care to worker's compensation rates beginning in FY 2007. Finally, House Bill 2612 expands the eligibility for Crime Victims Compensation funds to include persons who are victims of the crime of failure to secure a load.

### **Agricultural Cholinesterase Testing (\$1.6 Million Medical Aid Account-State)**

Funding is provided for growers who are impacted by the cholinesterase monitoring regulation. The funding is to be used to defray the cost of medical monitoring by health care providers and blood testing by the state public health lab.

### **Electrical Inspectors (\$0.9 Million Electrical License Account-State)**

Funding is provided to increase the number of electrical inspectors available to complete the majority of inspection requests within 24 hours.

### **Technology to Combat Fraud (\$1.2 Million Accident Account-State, Medical Aid Account-State)**

Funding is provided to implement an additional fraud detecting technology known as the Employer Audit Technology and Referral System by July of 2007. The new system will allow for automation of several auditing tasks, and increase the number of audits performed on employers.

## **DEPARTMENT OF PERSONNEL**

### **Human Resource Management System Renegotiation Costs (\$6.4 Million, Department of Personnel Service Account)**

Funding is provided to execute the negotiated changes in the scope of the Human Resources Management System and to cover the increased cost of the system.

## **DEPARTMENT OF VETERANS' AFFAIRS**

### **Veterans' Innovations Program (\$3.0 Million General Fund-State)**

One-time funding is provided to the Department to manage two competitive grant programs that would provide economic support to veterans that have returned from service in Iraq and Afghanistan.

### **Services for Iraq and Afghanistan Veterans (\$0.5 Million General Fund-State)**

The Department of Veterans Affairs has created a community-based network to assist returning Iraq and Afghanistan military personnel in applying for benefits and services. Funding is provided for 28 additional Family Activity Days and additional post-traumatic stress disorder treatment and education for approximately 130 new returnees.

## **EMPLOYMENT SECURITY DEPARTMENT**

### **Enhanced Fraud Detection (\$1.2 million Administrative Contingency Account-State)**

Funding is provided to enhance fraud detection within the unemployment insurance system of the Department of Employment Security (ESD). A new fraud detection unit is created that will identify, prosecute, and collect from people who file inaccurate or fraudulent unemployment claims that result in overpayments. ESD will also pursue employers who do not pay their unemployment insurance taxes. It is anticipated this investment will generate approximately \$14.2 million in revenue during FY 2007.

## **HUMAN RIGHTS COMMISSION**

### **Expansion of Human Rights Jurisdiction (\$78,000 General Fund-State)**

Funding is provided to expand the jurisdiction of the Human Rights Commission by including persons with veteran or military status and adding a definition for sexual orientation and gender expression or identity in Washington's law against discrimination.

## **OFFICE OF THE GOVERNOR**

### **Economic Development (\$4.0 Million Economic Development Strategic Reserve Account)**

Funding is provided for the Governor, upon recommendation of the Director of the Department of Community, Trade and Economic Development and the Economic Development Commission to authorize funds to recruit businesses, support public infrastructure, and provide technical assistance to prevent business closure or relocation outside the state.

## **SECRETARY OF STATE**

### **Statewide Voter Registration Database (\$6.0 Million Election Account-Federal)**

Funds are provided for the completion of the statewide voter registration database. Additions to the database will enable citizens to register on-line, improve felon verification procedures, and includes a voter outreach website that may be customized by individual counties.

## **SPECIAL APPROPRIATIONS**

### **Energy Freedom Program (\$25.0 Million General Fund-State)**

A one-time transfer of \$25.0 million of public utility tax revenue is made to the newly created Energy Freedom Account to establish an Energy Freedom Program within the Department of Community, Trade and Economic Development. The Energy Freedom Board is created and is authorized to provide low-interest loans and limited grants to political subdivisions, and to provide grants to Washington public research institutions for the research and development of new and renewable energy sources.

### **Affordable Housing Program (\$25.0 Million General Fund-State)**

A one-time transfer of \$25.0 million is made to the Washington Housing Trust Fund from the General Fund. Specific set asides are used to support low-income housing projects. The Department of Community, Trade, and Economic Development is directed to collect information about homelessness in the state and create a database on affordable housing.



**Interoperable Communications (\$0.5 Million Public Safety and Education Account-State)**

These funds are allocated based on recommendations from the State Interoperability Executive Committee (SIEC) for the most effective regional deployment of interoperable radio interconnect devices that allow crossband communications. A staff person for the coordination and management of this equipment is included.  
(Public Safety and Education Account-State)

# NATURAL RESOURCES

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## DEPARTMENT OF ECOLOGY

### **Columbia River Basin Water Supply (\$2.0 Million General Fund-State)**

Funding is provided to create a new water management program for the appropriation of Columbia River mainstem waters to support out-of-river uses while maintaining water for in-river use by fish. Funding also supports studies, data collection, and inventories on water issues in the Columbia River basin.

### **Puget Sound/Toxics Clean-up (\$1.9 Million State Toxics Control Account-State)**

Funding is provided for the Department to (1) prioritize and accelerate the cleanup of 115 known contaminated sites that lie adjacent to, and within one-half mile of Puget Sound, (2) to undertake pollution source control measures in the Lower Duwamish Waterway in support of a multi-party cleanup effort, (3) coordinate source control and cleanup of state-owned aquatic lands, and (4) clean up ten residences that have been contaminated in the Everett Asarco area.

### **Hanford Clean up Priority Act and Groundwater Modeling (\$3.0 Million State Toxics Control Account-State)**

Funding is provided for legal defense costs and to implement the Cleanup Priority Act (CPA) as passed by voters in a court case resolved this summer. The CPA passed by Washington voters in 2004 requires the Department to undertake specific actions to support the cleanup of the Hanford Nuclear Reservation. The CPA was challenged in court by the federal government and a final court ruling is pending.

### **Puget Sound Oil Transfer Inspection (\$859,000 Oil Spill Prevention Account-State)**

Funding is provided to implement the state oil transfer inspection program, which includes inspectors of at least 35 percent of the more than 9,600 oil transfer operations performed each year.

### **Renewable Energy-Waste to Fuels Technology (\$225,000 State Toxics Control Account-State)**

Funding is provided for the Department of Ecology to form a partnership with the Washington State University to conduct research on markets, products, and bioenergy potential. Specific activities will include initiating a pilot project to convert solid waste to biogas through anaerobic digestion and to complete a biomass inventory. The pilot project will include economic and technical assessments to help the public sector and private businesses complete bioenergy projects.

### **Wetlands Classification (\$340,000 General Fund-State)**

Funding is provided for technical assistance to landowners to develop a process to solicit public and landowner input when property is proposed to be classified as wetlands.

## **PARKS & RECREATION**

### **Funding for State and Local Parks (\$1.0 Million General Fund-State)**

Funding is provided, contingent upon the passage of Second Substitute House Bill 2422 (funding state and local parks), for the new State Parks Centennial Account. Funds deposited into the new account can only be used to fund state and local parks.

### **Elimination of Day Use Fees (\$2.8 Million General Fund-State)**

Funding is provided to fully mitigate the impact to state parks from revenue lost from day use fees. Currently the State Parks and Recreation Commission charges day use fees for parking or general park access. Substitute House Bill 2416 (State Park Fees), if enacted, would prohibit the State Parks and Recreation Commission from charging day use fees.

## **DEPARTMENT OF NATURAL RESOURCES**

### **Geologic Hazards Program (\$654,000 General Fund-State)**

Funding is provided for geologic hazard research, activities and mapping, including earthquake, landslide, and tsunami hazards throughout Washington.

### **Surface Mining Program (\$246,000 Surface Mining Reclamation Account-State)**

Funding is provided to support the state's regulatory process for rehabilitating disturbed areas resulting from surface or underground mining.

## **DEPARTMENT OF AGRICULTURE**

### **Pandemic Avian Flu Monitoring and Outreach (\$100,000 General Fund-State)**

Domesticated bird populations are potential carriers of various pandemic flu strains including what is commonly know as the bird flu. Because pandemic flu may be transmitted to humans from the avian species, additional resources are provided to increase the state's ability to detect and monitor pandemic flu activity.

### **Raw Milk Compliance and Inspection (\$190,000 General Fund-State)**

Funding is provided to allow the Department to monitor the increased the number of raw milk processors as a result of a recent E. coli outbreak that sickened at least 18 people in Washington and Oregon. The illness was caused by milk from an unlicensed dairy.

### **Renewable Fuel/Biodiesel (\$140,000 General Fund-State)**

Funding is provided to establish minimum fuel content requirements for biodiesel and ethanol of at least 2 percent by 2008. This is contingent upon the passage of Engrossed Substitute House Bill 2738 (renewable fuel).

### **Noxious Weed Boards/Spartina Eradication (\$150,000 General Fund-State)**

Funding is provided to support noxious weed boards across the state and to continue the elimination of spartina, which is an invasive aquatic weed.

### **Asparagus Mechanization (\$500,000 General Fund-State)**

Funding is provided to expand the Department's asparagus automation and mechanization program.

## **DEPARTMENT OF FISH AND WILDLIFE**

### **Salmon Marking and Research (\$5.4 Million General Fund-Federal, \$200,000 Puget Sound Recreational Fisheries Account-State)**

Funding is provided to mass-mark hatcheries that produce Chinook salmon to meet the requirements of the endangered species act. In addition, funding is provided to research the impacts of contaminants on resident Chinook and groundfish.

### **Habitat Conservation Planning (\$660,000 General Fund-Federal)**

Funding is provided to initiate a comprehensive review of the hydraulic project approval permit rules and to undergo a public process for adoption of new or revised rules. Once the rules are revised or newly adopted, the Department will complete a habitat conservation plan for the entire hydraulic project approval program.

### **Puget Sound Nearshore Ecosystem Restoration (\$500,000 General Fund-State)**

Funding is provided as a state match for the Puget Sound Nearshore Ecosystem Restoration Project, which is in the third year of a five-year, \$12 million feasibility study to analyze large-scale restoration actions required to protect and restore the Puget Sound ecosystem. The evaluation of these restoration actions will be used to prioritize a list of projects across Puget Sound for submission to the U.S. Army Corps of Engineers and to Congress for funding.

## **PUGET SOUND ACTION TEAM**

### **Hood Canal Study (\$600,000 General Fund-State)**

Funding is provided for the Puget Sound Action Team and the Hood Canal Coordinating Council to contract for a study of Hood Canal to improve data and knowledge on nitrogen loading and removal from systems in the Hood Canal.

# EMPLOYEE COMPENSATION

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## PENSION BENEFITS

### **\$1,000 Minimum Monthly Benefit for Plan 1 Retirees (\$0.5 Million General Fund-State, \$0.3 Million Other Funds)**

Funding is provided to extend eligibility for the \$1,000 minimum benefit in the Public Employees' Retirement System and Teachers' Retirement Systems Plan 1 to members who have earned at least 20 years of service and who have been retired for at least 25 years. The \$1,000 minimum benefit is also increased by 3 percent per year.

### **LEOFF Plan 2 Catastrophic Disability Benefit (\$0.1 Million General Fund-State, \$0.3 Million Other Funds)**

Funding is provided for increased state contributions and administrative costs associated with providing a catastrophic disability benefit to members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 who are totally incapacitated from substantial gainful activities in the line of duty. A totally disabled member may receive a benefit of up to 70 percent of final average salary, depending on eligibility for other offsetting disability benefits.

### **Plan 3 Five-Year Vesting (\$0.6 Million, General Fund-State, \$0.7 Million Other Funds)**

Funding is provided to reduce the age from fifty-four to forty-four after which a member of the Public Employees', Teachers', or School Employees' Retirement Systems Plan 3 vests after earning a total of five years of service, including 12 months earned after the specified age.

### **LEOFF Plan 2 Survivor Health Care Reimbursement (\$0.1 Million General Fund-State, \$0.1 Million Other Funds)**

Funding is provided for increased state contributions required to provide reimbursement for the cost of health care benefits to the survivors of members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 killed in the line of duty.

# PENSION FUNDING

## **Pension Funding Stabilization Account (\$301 Million, General Fund-State)**

\$301 million General Fund-State is placed in a new Pension Funding Stabilization Account. Funds in this account will be used to make state employer contributions to the state retirement systems. Additional state contributions paid towards the unfunded accrued actuarial liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 will begin September 1, 2006 for employers of members of the Teachers' Retirement System and the School Employees' Retirement System, and January 1, 2007 for employers of members of the Public Employees' Retirement System and the Public Safety Employees' Retirement System.

## **Pension Contributions (\$48.6 Million Pension Funding Stabilization Account-State, \$21.3 Million Other Funds)**

Additional employer contribution rates are instituted in fiscal year 2007 for employers of members of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), and the new Public Safety Employees' Retirement System (PSERS) to resume amortizing the unfunded accrued actuarial liabilities in PERS and TRS Plans 1. For members of the PERS, SERS, and PSERS systems, employers will pay an additional 1.77 percent of pay, and for members of TRS an additional 1.29 percent of pay. The additional employer contributions will begin September 1, 2006 for SERS and TRS employers, and January 1, 2007 for PERS and PSERS employers.

2005

2007



House of Representatives  
Office of Program Research