



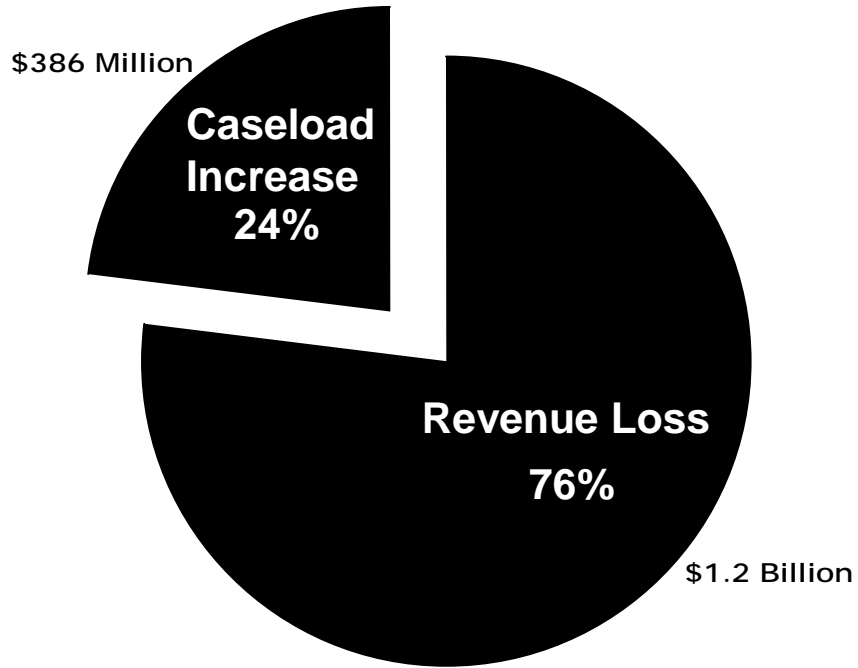
2002

SUPPLEMENTAL
OPERATING BUDGET

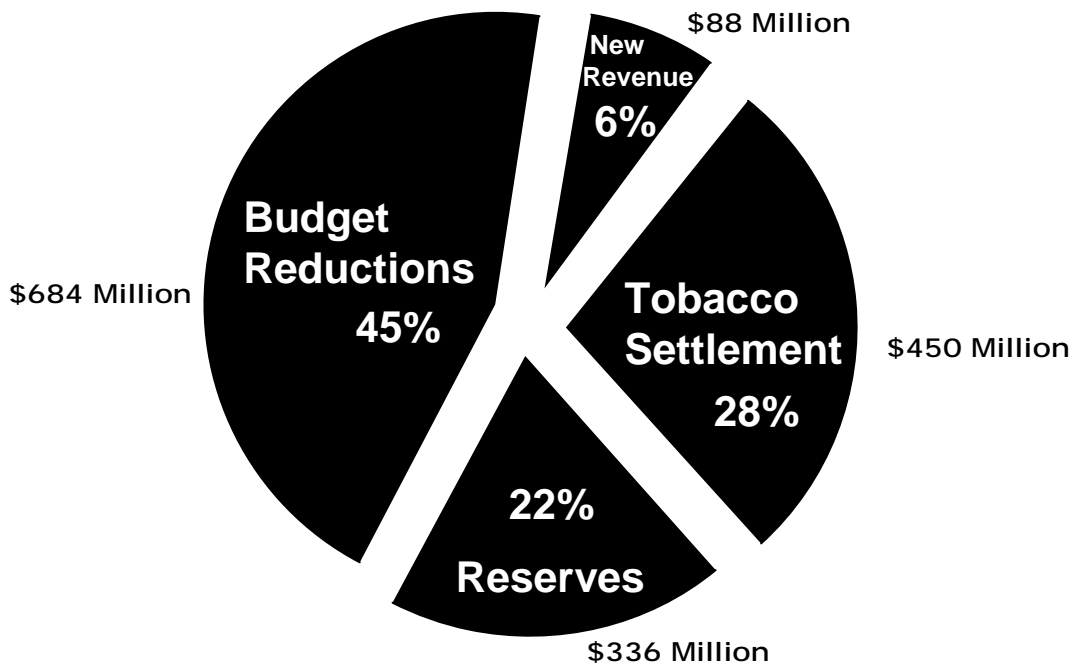
Budget Overview

AS PASSED LEGISLATURE

THE PROBLEM



THE SOLUTION



2001-03 Balance Sheet

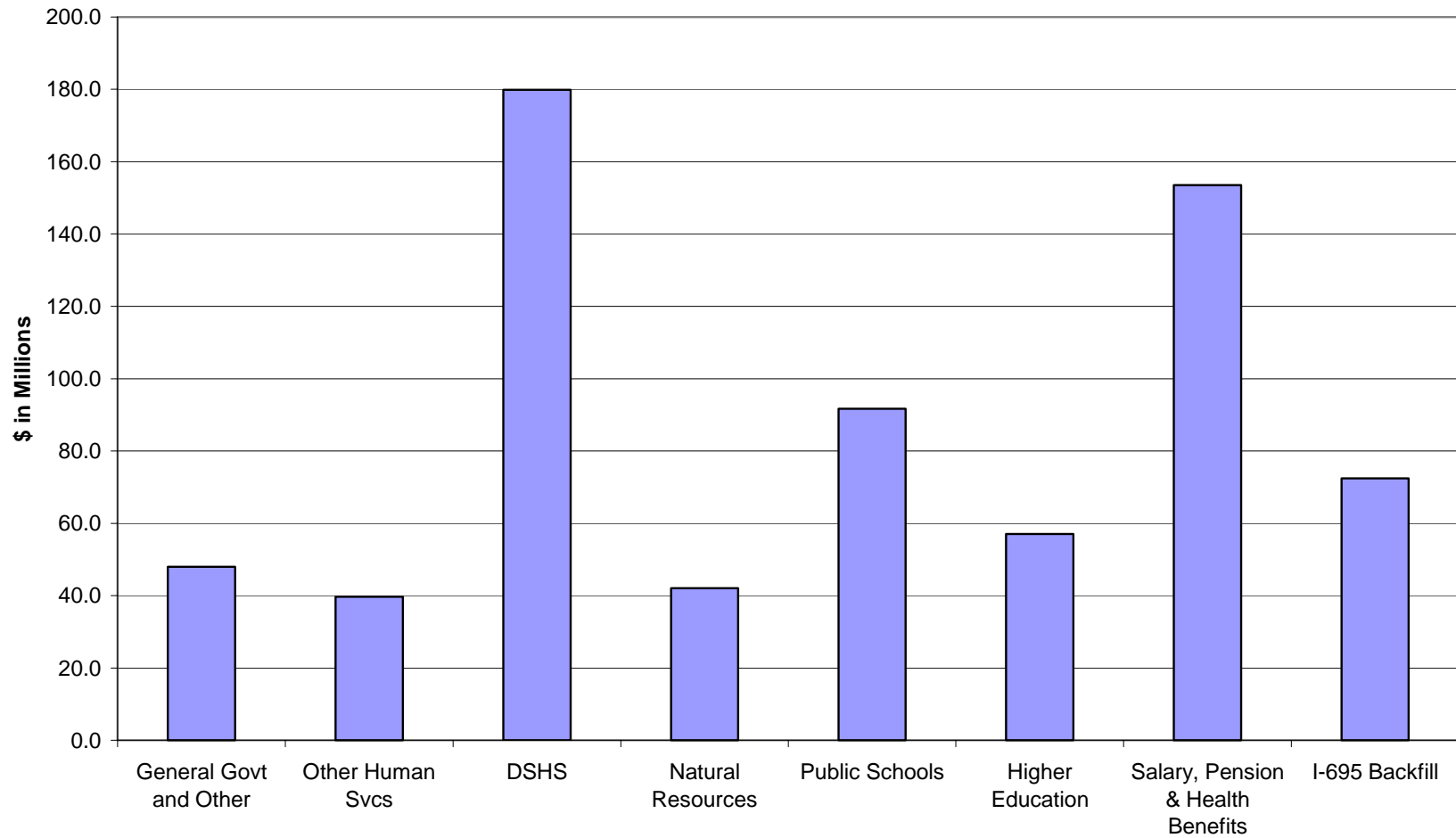
As Passed Legislature

RESOURCES	
Beginning Fund Balance	599.7
February 2002 Revenue Forecast	20,961.9
2001 Session Money Transfers	228.0
2002 Session Money Transfers	51.6
Tobacco Securitization Transfer	450.0
Emergency Reserve Account Transfer	325.0
Budget Driven Revenue	43.0
Revenue Legislation	20.6
Big Game Lottery	24.4
Total Resources Available	22,704.2
APPROPRIATIONS	
Original 2001-03 Appropriation	22,783.2
2002 Supplemental Budget	(298.0)
Total Appropriation	22,485.3
BALANCE	
Unrestricted Ending Balance	218.9

EMERGENCY RESERVE FUND	
Beginning Balance	462.1
Interest Earnings	10.6
Transfers to Transportation	(70.0)
Earthquake / Drought	(25.0)
Transfer to the General Fund	(325.0)
Ending Balance	52.7

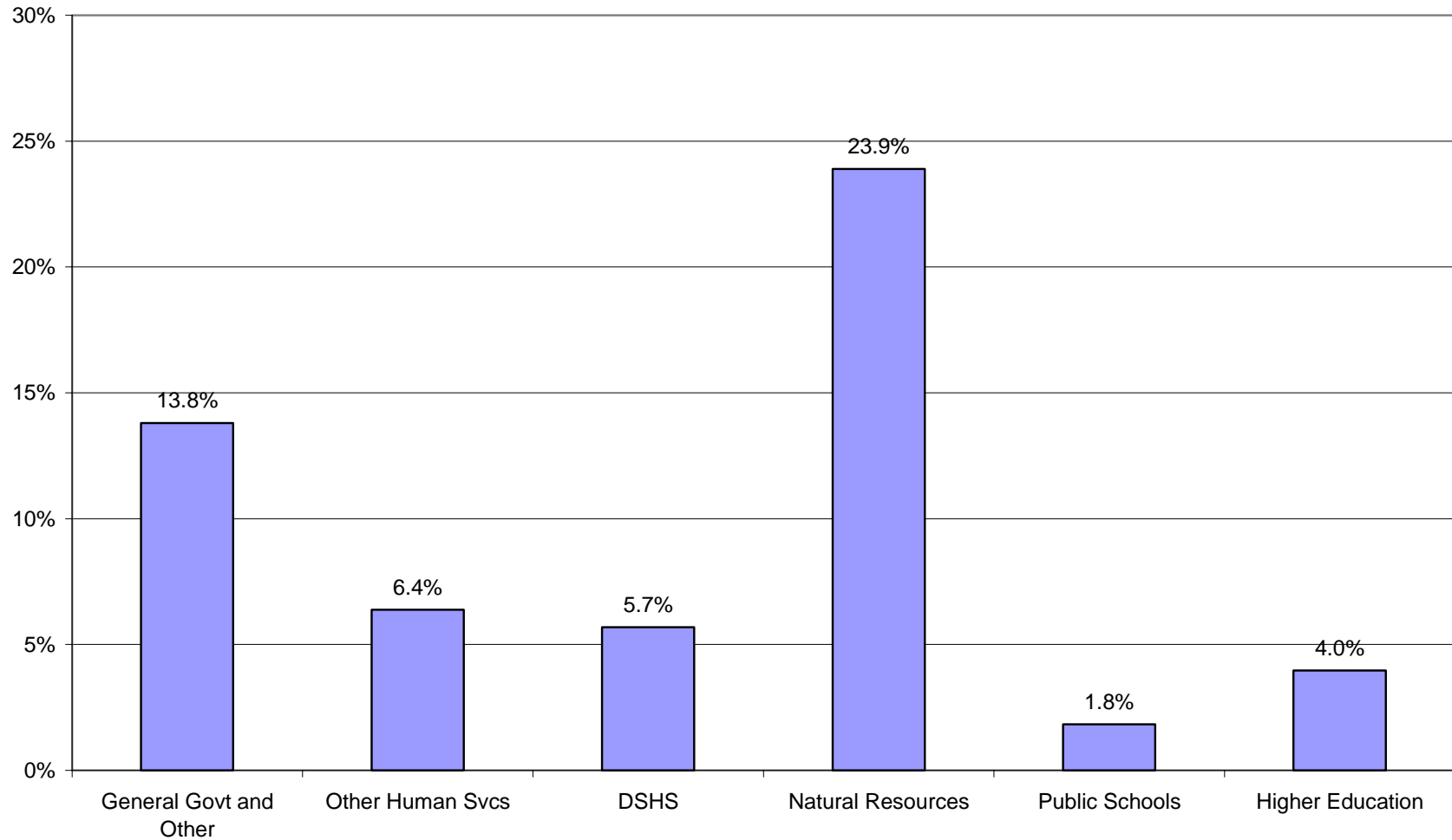
TOTAL RESERVES **271.6**

On a Dollar Basis, The Largest Reductions Took Place in DSHS and In Compensation



Note: For display purposes COLA, health benefits and pension changes are aggregated (including state employees, higher education and K-12) and displayed as a single bar. Each bar represents total general fund reductions including shifts to other funds.

On A Percentage Basis, The Largest General Fund Reductions Were In Natural Resources -- Although Much Of That Reduction Was Achieved By Shifting Programs To Dedicated Funds



Note: Not included above are the compensation related reductions (COLA, health benefits and pensions) and I-695 backfill. Percentages are calculated by comparing total reductions and shifts to the original FY 2003 appropriation.

K-12 Education

(Dollars in Millions)

<u>Budget Summary</u>	<u>GF-S and SAF</u>	<u>% Chng</u>	<u>Per Pupil</u>
99-01 Final Budget	\$9,459.0		\$4,982
01-03 Current Budget (GF-S and Student Achievement Fund)	\$10,296.4	8.9%	\$5,437
2002 Supplemental Changes:			
Enrollment and Other Budget Drivers	\$97.0		
Levy Equalization (net change)	\$11.2		
Health Benefits and Pension Changes	-\$83.5		
Other Changes	-\$90.0		
Initiative 732 Increase from 3.1% to 3.6%	<u>\$14.5</u>		
01-03 Budget With Supplemental	\$10,246		\$5,350
Revised 01-03 Compared to 99-01 Final Budget		8.3%	

<u>Major Items Funded in the 2002 Supplemental (Biennial Amounts)</u>	<u>Amount</u>
1 Initiative 728	391.1
2 Initiative 732	329.1
3 Levy Equalization Total Funding	295.9
4 Enhanced K-4 Staffing Ratio Over Basic Ed Act Requirement	240.0
5 Learning Improvement Days	57.0
<u>Program Reductions</u>	
6 Reduce Better Schools Program	(24.6)
7 Use Federal Funds (Learning Improvement Program, Special Ed, Assessments)	(24.1)
8 Staff Mix Calculation Change	(19.0)
9 Fund 2 Learning Improvement Days	(12.1)
10 Efficiencies and Savings	(1.4)
11 Reduce Levy Equalization	(1.5)
12 Traffic Safety Ed - Use PSEA	(2.3)
13 <u>Flexible Education Fund</u>	
14 Block Grants	(14.2)
15 School Safety Allocation	(6.1)
16 Mentor\Beginning Teacher Assist.	(2.3)
17 Educational Centers	(1.3)
18 Complex Needs	(1.1)
19 Truancy	(0.8)
20 Supt. / Principal Internships	(0.7)
21 Paraprofessional Training	(0.5)
22 Principal Assessment and Mentorships	(0.3)
23 Subtotal	(27.4)
24 State Flexible Education Fund	20.6
25 Net Change Related to Flex Fund	(6.8)
<u>Program Adds</u>	
26 Levy Equalization Task Force	0.0
27 K-12 Technology Task Force	0.1
28 Increase National Board Certification Bonus to 4 Years	0.1

Higher Education

(Dollars in Millions)

<u>Budget Summary</u>	<u>GFS \$</u>	<u>% Change</u>
99-01 Final Budget	2,548	
01-03 Current Budget	2,800	9.9%
2002 Supp: Policy Increases	16	
2002 Supp: Compensation Changes	(22)	
2002 Supp: Reductions	(57)	
01-03 Budget With Supplemental:	2,737	
Revised 01-03 Compared to 99-01 Final Budget		7.4%

Selected Increases (GFS Only)

1	CWU Enrollment Recovery	0.4
2	Expand Worker Retraining Program	4.0
3	State Need Grant	2.2
4	Initiative 732 COLA Increase	1.4
5	Faculty Recruitment & Retention	6.0
6	Mader Law suit settlement	9.5

Selected Reductions (GFS Only)

	Amount
1	Health Benefit Changes (4.3)
2	Pension Rate Change (2.2)
3	HECB Efficiencies and Savings (0.4)
4	Reduce Promise Scholarships (2.5)
5	Eliminate 2yr COLA increase (21.5)
6	Eliminate 2yr Salary Increments (1.2)
7	Operating Cost Reduction (54.1)

Institutions have flexibility to increase tuition to partially recover operating reductions up to the maximum amounts listed below:

University of Washington	16%
Washington State University	16%
Central Washington University	14%
Eastern Washington University	14%
The Evergreen State College	14%
Western Washington University	14%
Community and Technical Colleges	12%

Department of Social & Health Services

(Dollars in Millions)

<u>Budget Summary</u>	<u>GFS \$</u>	<u>% Change</u>
99-01 Final Budget	5,300	
01-03 Current Budget	6,182	16.7%
2002 Supp: Caseload changes	96	
2002 Supp: Policy Increases	30	
2002 Supp: Reductions	(180)	
01-03 Budget With Supplemental:	6,128	
Revised 01-03 Compared to 99-01 Final Budget		15.6%

Major Items Funded in the 2002 Supplemental (GFS Only)

		Amount
1	Homecare Worker Wage Increase	4.2
2	Area Agencies on Aging Case Mgt Reimbursement	0.3
3	Adjust Nursing Home Rates for Fee Increase	1.1
4	Enhanced JRA Mental Health Services	0.8
5	Research Based Services in JRA	0.2
6	ARC Lawsuit	10.3
7	Vendor Rate - Select Medical Providers	3.7
8	Hospital Settlement	8.5

Selected Reductions (GFS Only)

		Amount
1	Admin Supp -- Streamlining	(7.1)
2	Vocational Rehab -- Extended Support Services	(0.2)
3	Alcohol/Substance Abuse	
4	Reduce and Consolidate Treatment Accountability for Safe Communities Program	(1.0)
5	Substance Abuse Treatment Reduction	(1.8)
6	Reduce Involuntary Treatment Beds	(0.8)
7	Economic Services Admin	
8	State SSI Supplement	(24.0)
9	Adjust Accounting for SSI Recoveries	(5.6)
10	Assume Immigrant Food Asst. savings	(1.6)
11	Administrative Changes to GAU	(5.4)
12	Children & Family	
13	Reduce Therapeutic Child Development	(2.0)

14	Reduce Family Reconciliation Services	(1.7)
15	Eliminate Special Projects	(0.4)
16	Centralize After Hours Programs	(1.2)
17	Efficiency Reductions	(0.8)
18	Eliminate Increased Child Placing Slots	(0.7)
19	DD Parent Participate in Support	(0.7)
20	Eliminate CRC Assessments	(0.1)
21	Eliminate FY 03 basic rate increase	(0.9)
22	Pediatric Interim Care Shift to Federal funds	(0.2)
23	Reduce Home Support Specialists	(0.6)
24	Mental Health Division	
25	Adjust Reg Support Networks Inpatient Rates	(4.6)
26	Spend Down Reg Support Network Reserves	(21.2)
27	Community Services Reductions	(2.7)
28	PALS and ESH Ward Closures	(0.7)
29	Reduce Research and Training	(0.4)
30	Secure Community Facility Reduction	(1.5)
31	RSN Administrative Reduction	(0.2)
32	Streamline Audit Process	(0.1)
33	Developmental Disabilities	
34	Freeze Case Manager Hiring	(3.3)
35	Reduce Residential Habilitation Center Staffing	(1.4)
36	Reduce Professional Services	(0.4)
37	Eliminate Professional Services Contracts	(0.5)
38	Voluntary Placement Program Parent Pay	(0.7)
39	Realign Funds for Office of Deaf & Heard of Hearing	(1.8)
40	Medical Assistance	
41	Increase Discount on Pharmacy Reimbursement	(12.4)
42	Interpreter Services Efficiencies	(0.7)
43	Outpatient Prospective Payment System Reduction	(1.1)
44	Legal Immigrants & Undocumented Kids to BHP	(23.3)
45	Maternity Support fund shift to Health Serv Account	(8.6)
46	Treatment of Spousal Assets	(0.3)
47	GAU Medical Savings	(5.6)
48	Don't Implement In-Home Waiver	(0.3)
49	HIV Cost Controls	(0.3)
50	Long-Term Care	
51	Adjust Licensing Fees	(7.6)
52	Assisted Living Rate Reduction	(1.4)
53	Treatment of Spousal Assets	(2.7)
54	Don't Implement In-Home Waiver	(1.2)
55	Juvenile Rehabilitation Admin	
56	Closure of Mission Creek Youth Camp	(1.5)
57	Community Transition Options for Youth	(1.1)

58	Restructure Parole Services	(1.4)
59	Diagnostic Services Rate Adjustment	(0.3)
60	Community Options for Lower-Risk Offenders	(0.3)
61	Reduce Employment Services	(0.3)

Department of Corrections

(Dollars in Millions)

<u>Budget Summary</u>	<u>GFS \$</u>	<u>% Change</u>
99-01 Final Budget	914	
01-03 Current Budget	1,040	13.7%
2002 Supp: Caseload changes	41	
2002 Supp: Policy Increases	0.1	
2002 Supp: Reductions	(8)	
01-03 Budget With Supplemental:	1,073	
Revised 01-03 Compared to 99-01 Final Budget		17.3%

<u>Major Items Funded in the 2002 Supplemental</u>	<u>Amount</u>
1 Motor Vehicle Theft	0.1

<u>Selected Reductions (GFS Only)</u>	<u>Amount</u>
1 Drug Offender Sentencing	(0.1)
2 Efficiencies and Savings	(2.3)
3 Community Supervision Changes	(3.5)
4 Other Efficiencies	(2.2)

Natural Resources

(Dollars in Millions)

<u>Budget Summary</u>	<u>GFS \$</u>	<u>% Change</u>
99-01 Final Budget	305	
01-03 Current Budget	355	16.4%
2002 Supp: Policy Increases	2	
2002 Supp: Reductions	(41)	
01-03 Budget With Supplemental:	316	
Revised 01-03 Compared to 99-01 Final Budget		3.6%

<u>Major Items Funded in the 2002 Supplemental</u>		<u>Amount</u>
1	Neah Bay Tug (\$1.4 million total)	0.7
2	DNR Correction Camps (\$1.2 million total funds)	0.4
3	Pacific Salmon Treaty License Buyback Program	0.4
4	Water Strategy Studies	0.2
5	Parks San Juan Island Parks	0.2

<u>Selected Reductions (GFS Only)</u>		<u>Amount</u>
1	Watershed Grants Funding Shift	(11.9)
2	Temporary Park Closure & Maintenance	(2.0)
3	Ecology Administrative Reductions	(1.4)
4	Fish & Wildlife Administrative Reductions	(1.4)
5	F&W Wildlife Fund and Salmon Recovery Fund Shift	(2.6)
6	Lead Entity Fund Shift to Salmon Board	(3.3)
7	Salmon Monitoring Fund Shift	(1.1)
8	DNR Efficiencies and Savings	(1.2)
9	DNR Fire Suppression Transfer	(3.5)
10	Dept of Agriculture Int'l Marketing	(0.7)

Dept. of Natural Resources Fire suppression \$24.2 million funded from Nisqually Account.

Employee Compensation

GF-S in Millions

	<u>Proposed Savings</u>
State & Non-732 Higher Education Employees Second Year (FY03) Salary increase eliminated	-50.4
Pension Savings (HB 2782)	-62.9
Health Benefit Changes	-39.0
Monthly Rate:	
State Employees	K-12
FY 01	\$436 \$426
FY 02	\$457 \$455
FY 03	\$482 \$457
Employee Copay changed from \$10 to \$15	
Average employee contribution of 12.6%	
10% Pharmacy savings	
UMP coinsurance changed from 10% to 15%	
Governor's allocation for unspecified Health Benefit improvements:	6.0
Vendor Rate changed from 2.3% to 1.5%	-9.4
Higher Education Faculty recruitment and retention	6.0
Home Care Worker salary increase	
\$.25 per hour beginning October 1, 2002	4.2

Local Government Assistance

County Assistance: - \$20 Million

The original \$25 million fiscal year 2003 appropriation for counties to backfill a portion of the I-695 loss was reduced to \$5 million and distributed to the eighteen counties most heavily impacted by the passage of I-695: Adams, Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, Stevens, Wahkiakum, Walla Walla, and Yakima.

Cities Assistance: - \$39 Million

The original \$46.9 million fiscal year 2003 appropriation for state assistance to cities was reduced to \$8 million and distributed to the fifty-six cities most effected by the passage of I-695

Public Health Districts: No change

No change is made to the \$24.5 million fiscal year 2003 appropriation for Public Health Districts.

Efficiencies and Savings

- All agencies must share the “pain” in making reductions
- Savings will result from:
 - ✓ Hiring freezes
 - ✓ Travel restrictions
 - ✓ Equipment reductions
 - ✓ Other administrative actions
- The Legislature (House and Senate) is reduced by 5 percent; other agencies, including the judicial branch, are reduced by 3%.
- In addition to specific program reductions in other areas of the budget, the percentage efficiency reduction has a direct general fund savings of \$23 million from state agencies.
- \$54 million is the savings reduction for institutions of higher education. Institutions are granted authority to increase tuition to partially restore this across-the-board percentage reduction.
- A funding pool is created for the executive branch of government to address any unforeseen, emergent needs.