

**HOUSE PROPOSED
2005-07
BIENNIAL OPERATING BUDGET**

**STATEWIDE
SUMMARY AND
AGENCY DETAIL**

APRIL 6, 2005

**REPRESENTATIVE SOMMERS, CHAIR
HOUSE APPROPRIATIONS COMMITTEE**

**PREPARED BY THE HOUSE OF REPRESENTATIVES
OFFICE OF PROGRAM RESEARCH**

2005-07 Omnibus Operating Budget

April 6, 2005

3:35 am

House Chair

(Dollars in Thousands)

	FTEs	GF-S	Total
Legislative	838.8	137,684	144,658
Judicial	592.7	88,760	198,930
Governmental Operations	7,873.2	447,802	3,145,179
Other Human Services	15,319.0	1,506,918	4,046,470
DSHS	17,997.4	7,766,368	17,058,998
Natural Resources	5,855.1	350,843	1,251,195
Transportation	807.3	68,320	141,195
Public Schools	280.6	10,941,652	13,154,694
Higher Education	46,082.6	2,969,677	8,166,844
Other Education	333.3	42,007	103,816
Special Appropriations	0.0	1,649,698	2,016,009
Statewide Total	95,979.8	25,969,729	49,427,988

2005-07 Omnibus Operating Budget

April 6, 2005

3:35 am

House Chair

(Dollars in Thousands)

	FTEs	GF-S	Total
Legislative			
House of Representatives	393.3	58,672	58,672
Senate	297.1	46,924	46,924
Jt Leg Audit & Review Committee	21.0	6,218	6,218
LEAP Committee	15.0	3,506	3,506
Office of the State Actuary	11.5	0	2,902
Joint Legislative Systems Comm	50.0	14,180	15,976
Statute Law Committee	51.0	8,184	10,460
Total Legislative	838.8	137,684	144,658
Judicial			
Supreme Court	62.4	11,958	11,958
State Law Library	13.8	3,965	3,965
Court of Appeals	145.6	27,339	27,339
Commission on Judicial Conduct	9.5	2,098	2,098
Office of Administrator for Courts	354.9	37,884	113,847
Office of Public Defense	5.5	1,768	23,316
Office of Civil Legal Aid	1.0	3,748	16,407
Total Judicial	592.7	88,760	198,930
Total Legislative/Judicial	1,431.5	226,444	343,588

2005-07 Omnibus Operating Budget

April 6, 2005
3:35 am

House Chair (Dollars in Thousands)

	FTEs	GF-S	Total
Governmental Operations			
Office of the Governor	70.4	10,516	15,978
Office of the Lieutenant Governor	8.0	1,523	1,523
Public Disclosure Commission	25.5	4,011	4,011
Office of the Secretary of State	290.3	35,556	117,584
Governor's Office of Indian Affairs	4.0	693	693
Asian-Pacific-American Affrs	3.0	591	591
Office of the State Treasurer	72.2	0	13,666
Office of the State Auditor	282.8	4,978	50,106
Comm Salaries for Elected Officials	1.4	335	335
Office of the Attorney General	1,104.2	10,224	201,475
Caseload Forecast Council	7.0	1,407	1,407
Dept of Financial Institutions	173.6	0	37,655
Dept Community, Trade, Econ Dev	361.7	137,119	457,557
Economic & Revenue Forecast Council	5.2	1,071	1,071
Office of Financial Management	272.3	32,701	104,573
Office of Administrative Hearings	166.9	0	28,920
Department of Personnel	213.3	0	53,103
State Lottery Commission	145.1	0	734,500
Washington State Gambling Comm	154.8	0	26,561
WA State Comm on Hispanic Affairs	3.0	604	604
African-American Affairs Comm	3.0	596	596
Personnel Appeals Board	5.5	0	1,006
Department of Retirement Systems	272.8	0	48,029
State Investment Board	72.0	0	15,725
Public Printer	137.8	0	65,385
Department of Revenue	1,050.4	173,458	185,667
Board of Tax Appeals	12.5	2,532	2,532
Municipal Research Council	0.0	0	4,921
Minority & Women's Business Enterp	17.0	0	3,094
Dept of General Administration	573.3	471	129,303
Department of Information Services	434.0	0	207,751
Office of Insurance Commissioner	206.7	0	39,959
State Board of Accountancy	9.3	0	1,931
Forensic Investigations Council	0.0	0	282
Washington Horse Racing Commission	28.5	0	8,478
WA State Liquor Control Board	1,021.1	3,049	188,696
Utilities and Transportation Comm	154.0	0	32,090
Board for Volunteer Firefighters	3.8	0	825
Military Department	285.7	18,095	267,641
Public Employment Relations Comm	42.7	5,146	7,850
LEOFF 2 Retirement Board	6.0	0	1,884
Growth Management Hearings Board	12.0	3,126	3,126
State Convention and Trade Center	161.0	0	76,495
Total Governmental Operations	7,873.2	447,802	3,145,179

2005-07 Omnibus Operating Budget

April 6, 2005

House Chair

3:35 am

(Dollars in Thousands)

	FTEs	GF-S	Total
Other Human Services			
WA State Health Care Authority	286.5	0	623,169
Human Rights Commission	47.7	5,270	6,942
Bd of Industrial Insurance Appeals	158.4	0	31,809
Criminal Justice Training Comm	38.2	0	19,684
Department of Labor and Industries	2,638.6	14,375	508,370
Indeterminate Sentence Review Board	9.2	2,115	2,115
Home Care Quality Authority	4.0	2,984	4,018
Department of Health	1,309.4	126,578	869,911
Department of Veterans' Affairs	613.0	22,323	82,847
Department of Corrections	7,990.9	1,327,702	1,359,206
Dept of Services for the Blind	67.3	3,770	20,706
Sentencing Guidelines Commission	10.4	1,681	1,681
Department of Employment Security	2,145.7	120	516,012
Total Other Human Services	15,319.0	1,506,918	4,046,470

2005-07 Omnibus Operating Budget

April 6, 2005

3:35 am

House Chair

(Dollars in Thousands)

	FTEs	GF-S	Total
DSHS			
Children and Family Services	2,489.1	509,189	946,671
Juvenile Rehabilitation	1,127.0	152,114	203,583
Mental Health	3,234.7	811,396	1,332,444
Developmental Disabilities	3,320.6	762,167	1,445,163
Long-Term Care	1,154.9	1,223,632	2,508,550
Economic Services Administration	4,441.2	954,174	2,223,830
Alcohol & Substance Abuse	97.1	111,580	289,670
Medical Assistance Payments	1,082.5	3,067,692	7,750,476
Vocational Rehabilitation	346.9	22,171	110,059
Administration/Support Svcs	553.3	58,944	110,140
Payments to Other Agencies	0.0	92,761	137,864
Information System Services	150.4	548	548
Total DSHS	17,997.4	7,766,368	17,058,998
Total Human Services	33,316.4	9,273,286	21,105,468

2005-07 Omnibus Operating Budget

April 6, 2005

3:35 am

House Chair

(Dollars in Thousands)

	FTEs	GF-S	Total
Natural Resources			
Columbia River Gorge Commission	10.8	935	1,780
Department of Ecology	1,496.1	79,058	383,859
WA Pollution Liab Insurance Program	7.1	0	1,978
State Parks and Recreation Comm	709.9	63,554	111,146
Interagency Comm for Outdoor Rec	28.1	2,810	25,694
Environmental Hearings Office	9.0	2,113	2,113
State Conservation Commission	12.3	4,466	8,615
Dept of Fish and Wildlife	1,494.5	86,378	291,579
Department of Natural Resources	1,419.3	88,482	321,526
Department of Agriculture	668.2	23,047	102,905
Total Natural Resources	5,855.1	350,843	1,251,195

2005-07 Omnibus Operating Budget

April 6, 2005
3:35 am

House Chair (Dollars in Thousands)

	FTEs	GF-S	Total
Transportation			
Washington State Patrol	568.0	65,004	101,696
Department of Licensing	239.3	3,316	39,499
Total Transportation	807.3	68,320	141,195

2005-07 Omnibus Operating Budget

April 6, 2005

House Chair

3:35 am

(Dollars in Thousands)

	FTEs	GF-S	Total
Public Schools			
OSPI & Statewide Programs	240.2	45,681	125,133
General Apportionment	0.0	8,423,131	8,423,131
Pupil Transportation	0.0	489,639	489,639
School Food Services	0.0	6,306	403,566
Special Education	1.5	957,131	1,392,593
Educational Service Districts	0.0	7,402	7,402
Levy Equalization	0.0	336,083	336,083
Elementary/Secondary School Improv	0.0	0	22,084
Institutional Education	0.0	38,778	38,778
Ed of Highly Capable Students	0.0	13,792	13,792
Student Achievement Program	0.0	0	629,356
Education Reform	38.9	76,009	200,233
Transitional Bilingual Instruction	0.0	123,287	168,848
Learning Assistance Program (LAP)	0.0	160,264	503,491
Compensation Adjustments	0.0	264,149	265,320
Common School Construction	0.0	0	135,245
Total Public Schools	280.6	10,941,652	13,154,694

2005-07 Omnibus Operating Budget

April 6, 2005

3:35 am

House Chair

(Dollars in Thousands)

	FTEs	GF-S	Total
Higher Education			
Higher Education Coordinating Board	85.9	357,083	398,010
University of Washington	19,759.7	689,832	3,798,792
Washington State University	6,047.7	424,230	1,004,603
Eastern Washington University	1,181.9	94,147	186,964
Central Washington University	1,177.8	93,640	219,742
The Evergreen State College	670.1	52,265	103,377
Spokane Intercoll Rsch & Tech Inst	23.9	2,972	4,367
Western Washington University	1,715.3	121,273	295,340
Community/Technical College System	15,420.3	1,134,235	2,155,649
Total Higher Education	46,082.6	2,969,677	8,166,844
Other Education			
State School for the Blind	82.5	10,054	11,389
State School for the Deaf	123.7	16,535	16,767
Work Force Trng & Educ Coord Board	22.8	2,398	56,743
Washington State Arts Commission	17.6	4,615	5,915
Washington State Historical Society	49.6	5,304	7,147
East Wash State Historical Society	37.3	3,101	5,855
Total Other Education	333.3	42,007	103,816
Total Education	46,696.5	13,953,336	21,425,354

2005-07 Omnibus Operating Budget

April 6, 2005

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House Chair

(Dollars in Thousands)

	FTEs	GF-S	Total
Special Appropriations			
Bond Retirement and Interest	0.0	1,416,608	1,601,604
Special Approps to the Governor	0.0	-4,462	50,608
State Employee Compensation Adjust	0.0	156,152	282,397
Contributions to Retirement Systems	0.0	81,400	81,400
Total Special Appropriations	0.0	1,649,698	2,016,009

2005-07 Omnibus Operating Budget
House of Representatives
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	388.3	57,146	57,191
2005-07 Maintenance Level	393.3	58,653	58,653
Policy Changes:			
1. General Inflation	0.0	-131	-131
2. Jt. Sel. Comm. on Fiscal Stability	0.0	150	150
Total Policy Changes	0.0	19	19
Total 2005-07 Biennium	393.3	58,672	58,672
Difference from 2003-05	5.0	1,526	1,481
% Change from 2003-05	1.3%	2.7%	2.6%

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. Jt. Sel. Comm. on Fiscal Stability - Funding is provided to create the Joint Select Committee on Fiscal Stability that will develop recommendations to create a sustainable system of state and local finance.

2005-07 Omnibus Operating Budget
Senate
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	297.1	45,820	45,865
2005-07 Maintenance Level	297.1	46,843	46,848
Policy Changes:			
1. General Inflation	0.0	-69	-74
2. Jt. Sel. Comm. on Fiscal Stability	0.0	150	150
Total Policy Changes	0.0	81	76
Total 2005-07 Biennium	297.1	46,924	46,924
Difference from 2003-05	0.0	1,104	1,059
% Change from 2003-05	0.0%	2.4%	2.3%

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. Jt. Sel. Comm. on Fiscal Stability - Funding is provided to create the Joint Select Committee on Fiscal Stability that will develop recommendations to create a sustainable system of state and local finance.

2005-07 Omnibus Operating Budget
Jt Leg Audit & Review Committee
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	17.5	3,642	3,642
2005-07 Maintenance Level	17.5	3,651	3,651
Policy Changes:			
1. General Inflation	0.0	-7	-7
2. Audits of Tax Preferences (HB 1069)	1.5	734	734
3. Student Transportation Study	0.0	125	125
4. Government Performance (HB 1064)	2.0	1,427	1,427
5. Job Development Fund (HB 1903)	0.0	188	188
6. Technology Budgeting Process	0.0	100	100
Total Policy Changes	3.5	2,567	2,567
Total 2005-07 Biennium	21.0	6,218	6,218
Difference from 2003-05	3.5	2,576	2,576
% Change from 2003-05	16.7%	70.7%	70.7%

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. Audits of Tax Preferences (HB 1069) - Funding is provided for the implementation of House Bill 1069 (audits of tax preferences). If this bill is not enacted by June 30, 2005, the funding in this bill lapses.

3. Student Transportation Study - Consistent with the recommendations of the House Subcommittee on Education Finance Structures, JLARC will review the current state pupil transportation funding formula and evaluate the extent to which the formula captures the costs of providing pupil transportation for basic education programs. Based on this review, the study will develop alternative formulas for allocating state funding to school districts for the transportation of students for basic education programs.

4. Government Performance (HB 1064) - Funding is provided for the implementation of House Bill 1064 (government performance). If this bill is not enacted by June 30, 2005, the funding in this bill lapses.

5. Job Development Fund (HB 1903) - Funding is provided for the implementation of House Bill 1903 (job development fund). If this bill is not enacted by June 30, 2005, the funding in this bill lapses.

6. Technology Budgeting Process - Funding is provided for an evaluation of the budget process used for information technology projects. A report is due in January of 2006.

2005-07 Omnibus Operating Budget
LEAP Committee
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	15.0	3,451	3,451
2005-07 Maintenance Level	15.0	3,515	3,515
Policy Changes:			
1. General Inflation	0.0	-9	-9
Total Policy Changes	0.0	-9	-9
Total 2005-07 Biennium	15.0	3,506	3,506
Difference from 2003-05	0.0	55	55
% Change from 2003-05	0.0%	1.6%	1.6%

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.

2005-07 Omnibus Operating Budget
Office of the State Actuary
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	11.5	0	2,645
2005-07 Maintenance Level	11.5	0	2,711
Policy Changes:			
1. General Inflation	0.0	0	-9
2. Actuarial Valuation System	0.0	0	200
Total Policy Changes	0.0	0	191
Total 2005-07 Biennium	11.5	0	2,902
Difference from 2003-05	0.0	0	257
% Change from 2003-05	0.0%	0.0%	9.7%

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. Actuarial Valuation System - Funding is provided to replace actuarial valuation software. (Department of Retirement Systems Expense Account-State)

2005-07 Omnibus Operating Budget
Joint Legislative Systems Comm
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	48.0	13,629	15,442
2005-07 Maintenance Level	50.0	14,117	15,897
Policy Changes:			
1. General Inflation	0.0	-75	-80
2. Competitive Salary Adjustments	0.0	138	159
Total Policy Changes	0.0	63	79
Total 2005-07 Biennium	50.0	14,180	15,976
Difference from 2003-05	2.0	551	534
% Change from 2003-05	4.2%	4.0%	3.5%

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. Competitive Salary Adjustments - Funding is provided to continue a three-year phased approach, started in FY 2005, to augment budgeted 2.5 percent merit increases with salary increases that will better align current salaries of permanent staff with market conditions. (General Fund-State, Legislative Systems Revolving Account-Non-Appropriated)

2005-07 Omnibus Operating Budget
Statute Law Committee
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	51.0	7,914	10,161
2005-07 Maintenance Level	51.0	8,222	10,519
Policy Changes:			
1. General Inflation	<u>0.0</u>	<u>-38</u>	<u>-59</u>
Total Policy Changes	0.0	-38	-59
Total 2005-07 Biennium	51.0	8,184	10,460
Difference from 2003-05	0.0	270	299
% Change from 2003-05	0.0%	3.4%	2.9%

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.

2005-07 Omnibus Operating Budget
Supreme Court
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	61.9	11,339	11,339
2005-07 Maintenance Level	61.9	11,632	11,632
Policy Changes:			
1. General Inflation	0.0	-5	-5
2. Editorial Assistant	0.5	47	47
3. Access to Justice	0.0	100	100
4. Employee Reclassification	0.0	184	184
Total Policy Changes	0.5	326	326
Total 2005-07 Biennium	62.4	11,958	11,958
Difference from 2003-05	0.5	619	619
% Change from 2003-05	0.0%	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. Editorial Assistant - Funding is provided for a new half-time Editorial Assistant position within the Office of Reporter of Decisions.

3. Access to Justice - Funding is provided for Washington State's system for providing civil legal aid services to low and moderate income people.

4. Employee Reclassification - Funding is provided for a law clerk and staff attorney reclassification; Assistant Editor's reclassification to Senior Editor, and salary adjustments.

2005-07 Omnibus Operating Budget
State Law Library
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	13.8	4,127	4,127
2005-07 Maintenance Level	13.8	3,946	3,946
Policy Changes:			
1. General Inflation	0.0	-3	-3
2. Law Library Reclassification	0.0	22	22
Total Policy Changes	0.0	19	19
Total 2005-07 Biennium	13.8	3,965	3,965
Difference from 2003-05	0.0	-162	-162
% Change from 2003-05	0.0%	-3.9%	-3.9%

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. Law Library Reclassification - Funding is provided for a salary adjustment.

2005-07 Omnibus Operating Budget
Court of Appeals
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	141.1	25,814	25,814
2005-07 Maintenance Level	141.6	26,549	26,549
Policy Changes:			
1. General Inflation	0.0	-84	-84
2. Salary Reclassification	0.0	410	410
3. Additional Staff	4.0	420	420
4. Division III Security	0.0	44	44
Total Policy Changes	4.0	790	790
Total 2005-07 Biennium	145.6	27,339	27,339
Difference from 2003-05	4.5	1,525	1,525
% Change from 2003-05	3.5%	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. Salary Reclassification - Funding is provided for salary adjustments.

3. Additional Staff - Funding is provided for one staff attorney and once chief deputy clerk for Division I and a case manager and two part-time screening interns for Division III.

4. Division III Security - Funding is provided to resume courtroom security services and for other expenses.

2005-07 Omnibus Operating Budget
Commission on Judicial Conduct
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	9.5	1,848	1,848
2005-07 Maintenance Level	9.5	2,058	2,060
Policy Changes:			
1. General Inflation	0.0	-8	-10
2. Microfiche-Microfilm Conversion	0.0	10	10
3. Computer Replacement	0.0	38	38
Total Policy Changes	0.0	40	38
Total 2005-07 Biennium	9.5	2,098	2,098
Difference from 2003-05	0.0	250	250
% Change from 2003-05	0.0%	13.5%	13.5%

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. Microfiche-Microfilm Conversion - One-time funding is provided to convert archive files from an obsolete microfiche/microfilm format to a digital image format and to index the converted files.

3. Computer Replacement - Funding is provided to replace and upgrade the Commission's computers, servers, firewall, and related software, which are all over five years old. The agency cannot absorb this cost without holding vacancies.

2005-07 Omnibus Operating Budget
Office of Administrator for Courts
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	347.8	36,043	111,799
2005-07 Maintenance Level	352.8	37,702	97,947
Policy Changes:			
1. General Inflation	0.0	-60	-295
2. Office Consolidation	0.0	0	780
3. JIS Migration Phase III Development	0.0	0	9,700
4. Equipment Replacement	0.0	0	3,890
5. Court Interpreter Enhancements	1.0	0	143
6. Performance Audits	0.5	50	50
7. Driving Privilege (HB 1854)	0.1	28	28
8. Superior Ct Judge-Skagit (HB 1112)	0.5	164	164
9. Trial Court Improvement (SB 5454)	0.0	0	1,440
Total Policy Changes	2.1	182	15,900
Total 2005-07 Biennium	354.9	37,884	113,847
Difference from 2003-05	7.1	1,841	2,048
% Change from 2003-05	2.0%	5.1%	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. Office Consolidation - Funding is provided for office relocation and renovations to facilitate co-location and consolidation. (Public Safety and Education Account-State)

3. JIS Migration Phase III Development - Funding is provided for continuation of the Judicial Information System (JIS) migration, including replacement of the legacy mainframe court case management systems. (Judicial Information Systems Account-State)

4. Equipment Replacement - Funding is provided for OAC to purchase replacement computer equipment for local courts which use the Judicial Information System. Using a five-year cycle for replacement, most counties need replacement of personal computers and printers. By funding this item, county clerks will not have to pursue local funding or risk hardware failures. (Public Safety and Education Account-State)

5. Court Interpreter Enhancements - Funding is provided for grants to local courts for additional court interpreter training. The trainings are necessary in order to produce a greater number of qualified court language interpreters, particularly in less-commonly known languages. (Public Safety and Education Account-State)

6. Performance Audits - Funding is provided for performance audit planning activities.

7. Driving Privilege (HB 1854) - Funding is provided for the implementation of Substitute House Bill 1854 (driving privilege). If legislation is not enacted by June 30, 2005, the funding lapses.

8. Superior Ct Judge-Skagit (HB 1112) - Funding is provided for the implementation of House Bill 1112 (creating an additional superior court position). If legislation is not enacted by June 30, 2005, the funding lapses.

**2005-07 Omnibus Operating Budget
Office of Administrator for Courts**

9. Trial Court Improvement (SB 5454) - Funding is provided for the implementation of Engrossed Second Substitute House Bill 5454 (revising trial court funding provisions). If legislation is not enacted by June 30, 2005, the funding lapses. (Trial Court Improvement Account)

2005-07 Omnibus Operating Budget
Office of Public Defense
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	5.5	1,550	14,349
2005-07 Maintenance Level	5.5	1,792	14,832
Policy Changes:			
1. General Inflation	0.0	-24	-261
2. Trial Level Indigent Defense	0.0	0	1,260
3. Equalization of Attorney Pay	0.0	0	322
4. Attorney Vendor Rate Increase	0.0	0	124
5. Dependency and Termination Program#	0.0	0	7,000
6. Rate Change for Court Reporter	0.0	0	39
Total Policy Changes	0.0	-24	8,484
Total 2005-07 Biennium	5.5	1,768	23,316
Difference from 2003-05	0.0	218	8,967
% Change from 2003-05	0.0%	14.1%	62.5%

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. Trial Level Indigent Defense - Funding is provided for the implementation of Engrossed Second Substitute House Bill 5454 (revising trial court funding provisions). If legislation is not enacted by June 30, 2005, the funding lapses. (Judicial Improvement Subaccount)

3. Equalization of Attorney Pay - Funding is provided to equalize pay rates for all attorneys performing indigent appellate services. (Public Safety and Education Account-State)

4. Attorney Vendor Rate Increase - Funding is budgeted for an inflationary adjustment to attorneys who provide appellate defense for indigent defendants, in an amount similar to that provided in other vendor rate increases. (Public Safety and Education Account-State)

5. Dependency and Termination Program# - Funding is provided for the implementation of Engrossed House Bill 5454 (revising trial court funding provisions) to expand indigent parent representation in dependency and termination cases. If legislation is not enacted by June 30, 2005, the funding lapses. (Judicial Improvement Subaccount)

6. Rate Change for Court Reporter - Funding is budgeted for an inflationary adjustment to attorneys who provide appellate defense for indigent defendants, in an amount similar to that provided in other vendor rate increases. (Public Safety and Education Account-State)

2005-07 Omnibus Operating Budget
Office of Civil Legal Aid
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	0	0
2005-07 Maintenance Level	0.0	0	0
Policy Changes:			
1. Civil Legal Svcs (SB 5454)	0.0	0	3,000
2. Transfer Civil Legal Svcs (HB 1747)	1.0	3,748	13,407
Total Policy Changes	1.0	3,748	16,407
Total 2005-07 Biennium	1.0	3,748	16,407
Difference from 2003-05	1.0	3,748	16,407
% Change from 2003-05	0.0%	0.0%	0.0%

Comments:

1. Civil Legal Svcs (SB 5454) - Funding is provided for the implementation of Engrossed Second Substitute House Bill No. 5454 (revising trial court funding provisions). If legislation is not enacted by June 30, 2005, the funding lapses. (Judicial Improvement Account)

2. Transfer Civil Legal Svcs (HB 1747) - Funding is provided for the implementation of Substitute House Bill No. 1747 (indigent persons/legal aid). If legislation is not enacted by June 30, 2005, the funding lapses. The funding for civil legal aid is transferred from the Department of Community Trade and Economic Development to the newly created Office of Civil Legal Aid. (General Fund, Public Safety and Education Account; Violence Reduction and Drug Enforcement)

2005-07 Omnibus Operating Budget
Office of the Governor
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	57.2	7,846	12,882
2005-07 Maintenance Level	68.7	9,537	14,718
Policy Changes:			
1. Ombudsman System Specialist	0.5	68	68
2. Public Involvement and Education	0.0	0	100
3. Hood Canal Corrective Action	0.0	400	600
4. Middle Management Reduction	-0.3	0	-32
5. PSWQ Expenditures	0.0	0	26
6. General Inflation	0.0	-33	-46
7. Early Learning Council (HB 1152)	1.5	544	544
Total Policy Changes	1.7	979	1,260
Total 2005-07 Biennium	70.4	10,516	15,978
Difference from 2003-05	13.2	2,670	3,096
% Change from 2003-05	22.8%	34.0%	24.0%

Comments:

1. Ombudsman System Specialist - Funding is provided to the Office of the Family and Children's Ombudsman (OFCO) for a half-time position that will provide technical assistance, data entry, and information management regarding complaint investigations as well as systemic investigations initiated by the ombudsman.

2. Public Involvement and Education - The Puget Sound Water Quality (PSWQ) Action Team's public involvement and education programs work with citizens to find solutions to water quality and habitat protection issues. Additional grants will be awarded to organizations pursuing these efforts. (Water Quality Account-State)

3. Hood Canal Corrective Action - The PSWQ Action Team is coordinating the state's efforts to respond to the environmental problem of the nitrification of Hood Canal. Funding is provided for education and public involvement in order to keep salmon carcasses out of the canal and to continue research and demonstration projects to decrease nitrogen pollution from septic systems. (General Fund-State, General Fund-Federal)

4. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

5. PSWQ Expenditures - The staff of the Ballast Water Work Group is transferred from the Department of Fish and Wildlife to the PSWQ Action Team. The work group is directed to prepare a report on all issues related to the implementation of the state ballast water program for the Legislature by December 15, 2006. (Water Quality Account-State)

6. 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.

7. Early Learning Council (HB 1152) - Funds are provided for the operation of the Washington Early Learning Council, created pursuant to House Bill 1152 (early learning council). If this bill is not enacted by June 30, 2005 these funds shall lapse.

2005-07 Omnibus Operating Budget
Office of the Lieutenant Governor
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	8.0	1,106	1,106
2005-07 Maintenance Level	8.0	1,198	1,198
Policy Changes:			
1. Legislative and Community Liaison	0.0	327	327
2. General Inflation	0.0	-2	-2
Total Policy Changes	0.0	325	325
Total 2005-07 Biennium	8.0	1,523	1,523
Difference from 2003-05	0.0	417	417
% Change from 2003-05	0.0%	37.7%	37.7%

Comments:

1. Legislative and Community Liaison - Funding is provided for increased costs and includes a Legislative and Community Liaison position, as well as administrative support.

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.

2005-07 Omnibus Operating Budget
Public Disclosure Commission
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	24.5	3,597	3,597
2005-07 Maintenance Level	24.5	3,898	3,898
Policy Changes:			
1. General Inflation	0.0	-9	-9
2. Contribution Limits (HB 1226)	1.0	122	122
Total Policy Changes	1.0	113	113
Total 2005-07 Biennium	25.5	4,011	4,011
Difference from 2003-05	1.0	414	414
% Change from 2003-05	8.3%	11.5%	11.5%

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. Contribution Limits (HB 1226) - Funding is provided for the implementation of House Bill 1226 (campaign contribution limits). If this bill is not enacted by June 30, 2005, funding in the bill lapses.

2005-07 Omnibus Operating Budget
Office of the Secretary of State
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	272.3	41,693	108,813
2005-07 Maintenance Level	271.3	35,610	85,517
Policy Changes:			
1. Middle Management Reduction	-4.4	-244	-479
2. General Inflation	0.0	-340	-441
3. Digital Archive Technology	0.0	0	1,343
4. Grants to Local Government Agencies	0.0	0	300
5. Security Microfilm Project - Local	6.5	0	740
6. Realignment of Funding Splits	0.0	0	0
7. Help America Vote Act-HAVA Funding	6.6	0	27,000
8. Digital Depository State Publica	0.0	0	1,343
9. Records Management Training	1.0	0	89
10. Archives Processing & Operations	6.0	0	1,012
11. Pass Through Adjustment for TVW	0.0	161	161
12. State Library Grant	0.3	0	125
13. Primary Election Date	0.0	0	505
14. County Election Reviews	3.0	369	369
Total Policy Changes	19.0	-54	32,067
Total 2005-07 Biennium	290.3	35,556	117,584
Difference from 2003-05	18.0	-6,137	8,771
% Change from 2003-05	6.6%	-14.7%	8.1%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Digital Archive Technology - Funding is provided for hardware, software, maintenance agreements, and content management purchased services to expand the Digital Archives. (Archives and Records Management Account-Appropriated, Local Government Archives Account-Appropriated)

4. Grants to Local Government Agencies - Funding is provided for the State Archivist, in partnership with the Archives Oversight Committee, to administer the Local Government Grant program that provides funding for local government records management programs and projects. (Local Government Archives Account-Appropriated)

5. Security Microfilm Project - Local - Funding is provide for the local government security microfilm project, including inspections, data entry of inspection results, reparation of silver duplicate microfilm, and ongoing funding for copying and brown-toning of incoming film. (Local Government Archives Account-Appropriated)

6. Realignment of Funding Splits - The funding sources for the five regional archive branches and security microfilm are realigned to more accurately reflect the proportion of local and state activities in these programs. (Archives and Records Management Account, Local Government Archives Account)

**2005-07 Omnibus Operating Budget
Office of the Secretary of State**

- 7. Help America Vote Act-HAVA Funding** - Funding is provided for the development of a local government grant program, completing the development of a statewide voter registration database, implementing and maintaining the new database, and certifying electronic voting equipment. (Elections Account-Federal)
- 8. Digital Depository State Publica** - Funding is provided on-going technology acquisition requirements of the Digital Archives.
- 9. Records Management Training** - Funding is provided for a local government records management trainer to provide the statutorily required assistance and training to state and local government agencies on a variety of records management topics, including basic records management, disaster preparedness and recovery, essential records protection, conservation and preservation, microfilming and imaging standards, electronic records management, and state archives' services. (Local Government Archives Account)
- 10. Archives Processing & Operations** - Funding is provided for the State Archives and the five regional archives to repackage and reorganize a significant portion of their current archival collections to ensure the collections' long-term preservation. (Archives and Records Management Account, Local Government Archives Account).
- 11. Pass Through Adjustment for TVW** - The funding level for Public Affairs Broadcasting is adjusted to reflect changes in the implicit price deflator. (General Fund-State)
- 12. State Library Grant** - The Bill & Melinda Gates Foundation Staying Connected Grant is provided to support public access computing sustainability efforts in public libraries. (General Fund-Local)
- 13. Primary Election Date** - Funding is provided for the implementation of Engrossed Substitute House Bill 2027 (date of primary election). If legislation is not enacted by June 30, 2005, the funding lapses. (Election Account-Federal)
- 14. County Election Reviews** - Funding is provided for the implementation of House Bill 1749 (county election procedures). If legislation is not enacted by June 30, 2005, the funding lapses. (General Fund)

2005-07 Omnibus Operating Budget
Governor's Office of Indian Affairs
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	2.3	475	475
2005-07 Maintenance Level	2.3	483	483
Policy Changes:			
1. Office Relocation	0.0	54	54
2. Address Disparity Issues	1.7	158	158
3. General Inflation	0.0	-2	-2
Total Policy Changes	1.7	210	210
Total 2005-07 Biennium	4.0	693	693
Difference from 2003-05	1.7	218	218
% Change from 2003-05	100.0%	45.9%	45.9%

Comments:

1. Office Relocation - The Governor's Office of Indian Affairs relocated to the General Administration Building in December 2004. In addition to providing office space and services, the Department of General Administration will provide information technology support, including connection to the state intranet, local area network and desktop support, and information technology portfolio support. Funds are provided for ongoing lease and information technology costs.

2. Address Disparity Issues - Funding is provided for additional staff to address the issues of health, education, and economic policies as they relate to the tribal communities.

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.

2005-07 Omnibus Operating Budget
Asian-Pacific-American Affrs
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1.8	393	393
2005-07 Maintenance Level	1.8	452	452
Policy Changes:			
1. General Inflation	0.0	-2	-2
2. Address Disparity Issues	1.2	141	141
Total Policy Changes	1.2	139	139
Total 2005-07 Biennium	3.0	591	591
Difference from 2003-05	1.2	198	198
% Change from 2003-05	50.0%	50.4%	50.4%

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. Address Disparity Issues - Funding is provided to increase the Commission's administrative assistant to full time and hire a full time policy analyst. The policy analyst will seek to improve the economic, health, and educational opportunities of the Asian Pacific American community in cooperation with the other ethnic commissions and state agencies.

2005-07 Omnibus Operating Budget
Office of the State Treasurer
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	72.9	0	13,564
2005-07 Maintenance Level	73.2	0	13,809
Policy Changes:			
1. Middle Management Reduction	-1.0	0	-112
2. General Inflation	0.0	0	-31
Total Policy Changes	-1.0	0	-143
Total 2005-07 Biennium	72.2	0	13,666
Difference from 2003-05	-0.8	0	102
% Change from 2003-05	-1.4%	0.0%	0.8%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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.

2005-07 Omnibus Operating Budget
Office of the State Auditor
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	283.4	1,522	45,572
2005-07 Maintenance Level	283.4	1,472	47,005
Policy Changes:			
1. Middle Management Reduction	-3.1	-12	-335
2. General Inflation	0.0	-2	-86
3. Government Performance (HB 1064)	2.5	3,504	3,506
4. Special Education Study	0.0	16	16
Total Policy Changes	-0.6	3,506	3,101
Total 2005-07 Biennium	282.8	4,978	50,106
Difference from 2003-05	-0.6	3,456	4,534
% Change from 2003-05	0.0%	227.1%	9.9%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Government Performance (HB 1064) - Funding is provided for the implementation of Engrossed Substitute House Bill 1064 (government performance). If legislation is not enacted by June 30, 2005, the funding lapses. (General Fund-State; State Auditing Services Revolving Account)

4. Special Education Study - In conjunction with the Joint Legislative Audit Review Committee (JLARC), the State Auditor's Office will review special education excess cost accounting methodology and expenditure reporting requirements. The review will include an examination of whether school districts are appropriately implementing the excess cost accounting methodology; consistently charging special education expenses to the special education and basic education programs; appropriately determining the percentage of expenditures that should be charged to the special education and basic education programs; and appropriately and consistently reporting special education expenditures. The results of this review will be included in JLARC's report issued in January 2006.

2005-07 Omnibus Operating Budget
Comm Salaries for Elected Officials
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1.3	307	307
2005-07 Maintenance Level	1.4	335	335
Total 2005-07 Biennium	1.4	335	335
Difference from 2003-05	0.1	28	28
% Change from 2003-05	0.0%	9.1%	9.1%

Comments:

2005-07 Omnibus Operating Budget
Office of the Attorney General
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,088.5	8,589	185,761
2005-07 Maintenance Level	1,085.9	8,599	194,123
Policy Changes:			
1. Palermo Well Field	1.0	0	100
2. Fulfill Forest and Fish Commitments	1.0	0	204
3. Livestock Nutrient Program	0.5	0	100
4. Implementation of Initiative 297	3.5	0	1,008
5. Middle Management Reduction	-4.9	-39	-524
6. Office Relocation in Seattle	0.0	126	842
7. Estate Recoveries	2.0	0	600
8. General Inflation	0.0	-28	-675
9. SHS Litigation Costs	4.0	0	1,950
10. Property and Estate Taxes	2.0	0	391
11. Public Counsel Legal Services	0.0	0	80
12. Office Consolidation in Tumwater	0.0	0	1,418
13. Executive Ethics Board	1.5	0	203
14. Refund Anticipation Loan (HB 1251)	0.7	0	89
15. Consumer Protection Expansion	7.0	1,566	1,566
Total Policy Changes	18.4	1,625	7,352
Total 2005-07 Biennium	1,104.2	10,224	201,475
Difference from 2003-05	15.7	1,635	15,714
% Change from 2003-05	1.5%	19.0%	8.5%

Comments:

1. Palermo Well Field - Funding is provided for legal and technical services in preparation of legal actions by the Environmental Protection Agency involving the Department of Transportation's share of costs to mitigate and clean up solvents that leached into the city of Tumwater water supply at the Palermo well field. (Legal Services Revolving Account)

2. Fulfill Forest and Fish Commitments - In 1999, the Legislature adopted the Forests and Fish Report, a science-based plan for protecting water quality and fish habitat in non-federal forestland in Washington State. Since that time, the Department of Natural Resources (DNR) has been developing a habitat conservation plan (HCP) in order to obtain federal assurances under the Endangered Species Act (ESA) that the state's regulatory approach to forest practices meets all ESA and Clean Water Act requirements. Without such assurances, individual landowners would need to work with federal agencies on a case-by-case basis to ensure compliance. In addition to other DNR activities, legal resources will be dedicated to overseeing implementation of the HCP and defending it against anticipated legal challenges. (Legal Services Revolving Account)

3. Livestock Nutrient Program - Funding is provided for higher than projected Attorney General costs for the transfer of the state's livestock nutrient management program from the Department of Ecology to the Department of Agriculture. (Legal Services Revolving Account)

4. Implementation of Initiative 297 - Funding is provided for legal costs associated with the Department of Ecology's implementation of Initiative 297. (Legal Services Revolving Account)

5. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

**2005-07 Omnibus Operating Budget
Office of the Attorney General**

6. Office Relocation in Seattle - One-time relocation costs are funded for the April 2006 relocation of the Attorney General's Seattle office. These one-time costs will be offset by lease savings of \$3.9 million in the 2007-09 biennium and additional savings in subsequent biennia. (General Fund; Legal Services Revolving Fund)

7. Estate Recoveries - The capacity of DSHS to recover long-term care and medical assistance costs from the estates of deceased clients who received such services is expanded. Resources are provided to the Office of Financial Recovery to initiate probate proceedings and for improved notification of a client's death. Additional savings are achieved in accordance with Substitute House Bill 2304 (medical assistance debts), which authorizes DSHS to file a request for notice of transfer or encumbrance on the real property of a medical assistance recipient; expands the statute of limitations on enforcement of liens to recover medical assistance payments from six years to 20 years; and directs DSHS to place liens on the property of clients who receive medical assistance or long-term care services prior to their death, if their condition is such that they are unlikely to be discharged from a medical institution or return home. (Legal Services Revolving Account)

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. SHS Litigation Costs - Funding is provided for the Department of Social and Health Services' increased costs of litigation support for complex, protracted program litigation, including expert witnesses, document management services, and special assistant attorneys general contracts. (Legal Services Revolving Account)

10. Property and Estate Taxes - Funding is provided for legal services: Two utility companies have filed lawsuits challenging the state's property tax valuation procedures; and the decoupling of the state's estate tax from the federal estate tax is resulting in disputes regarding state estate tax liability and valuations. (Legal Services Revolving Account)

11. Public Counsel Legal Services - Funding is provided for regulated utility matters before the Washington State Utilities and Transportation Commission. (Legal Services Revolving Account)

12. Office Consolidation in Tumwater - Funding is provided for office relocation and consolidation. Tenant improvements and moving expenses are one-time costs. (Legal Services Revolving Account)

13. Executive Ethics Board - Funding is provided for additional Executive Ethics Board staff to eliminate the current backlog and to respond to the increasing numbers of complaints and investigations. (Legal Services Revolving Account)

14. Refund Anticipation Loan (HB 1251) - Funding is provided for the implementation of Engrossed Substitute House Bill 1251 (Refund Anticipation Loans). If legislation is not enacted by June 30, 2005, the funding lapses. (Legal Services Revolving Account)

15. Consumer Protection Expansion - Additional funding is provided to the Consumer Protection Division for consumer education and outreach, complaint resolution and mediation, and litigation.

2005-07 Omnibus Operating Budget
Caseload Forecast Council
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	7.0	1,350	1,350
2005-07 Maintenance Level	7.0	1,392	1,392
Policy Changes:			
1. General Inflation	0.0	-2	-2
2. IT Upgrade	0.0	17	17
Total Policy Changes	0.0	15	15
Total 2005-07 Biennium	7.0	1,407	1,407
Difference from 2003-05	0.0	57	57
% Change from 2003-05	0.0%	4.2%	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. IT Upgrade - Desktop computers purchased in January, 2002 will no longer be covered by warranty after January, 2005. Funding is provided to purchase six replacement computers in order to provide the agency with current technology and ensure warranty coverage.

2005-07 Omnibus Operating Budget
Dept of Financial Institutions
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	147.3	0	28,422
2005-07 Maintenance Level	148.4	0	30,858
Policy Changes:			
1. Middle Management Reduction	-1.6	0	-167
2. General Inflation	0.0	0	-84
3. Small Loans (HB 2019)	2.1	0	316
4. Refund Anticipation Loans (HB 1251)	3.0	0	702
5. Financial & Acct. Fraud, Securities	3.4	0	677
6. Exam Enhancement, Banks	3.4	0	417
7. Exam Enhancement, Credit Unions	1.0	0	217
8. Exam Enhancement, Consumer Services	4.6	0	1,861
9. Information Technology Package	2.0	0	1,661
10. Communication, Outreach & Education	1.0	0	235
11. Licensing, Consumer Services	2.3	0	259
12. Enforcement, Consumer Services	4.0	0	703
Total Policy Changes	25.2	0	6,797
Total 2005-07 Biennium	173.6	0	37,655
Difference from 2003-05	26.4	0	9,233
% Change from 2003-05	18.4%	0.0%	32.5%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Small Loans (HB 2019) - Funding is provided for the implementation of House Bill 2019 (small loans). If the bill is not enacted by June 30, 2005, the funding lapses. (Financial Services Account-Non-Appropriated)

4. Refund Anticipation Loans (HB 1251) - Funding is provided for the implementation of House Bill 1251 (tax refund anticipation loans). If the bill is not enacted by June 30, 2005, the funding lapses. (Financial Services Account-Non-Appropriated)

5. Financial & Acct. Fraud, Securities - Increased allotment authority is provided for the Department to bring cases against companies that use fraudulent corporate and financial accounting techniques in connection with an offering of securities or in communications with investors or financial markets. (Financial Services Regulation Account-Non-Appropriated)

6. Exam Enhancement, Banks - Increased allotment authority is provided to allow the Division to expand its supervision and examination of state chartered institutions that have been identified by federal regulators as having less than satisfactory Community Reinvestment Act or consumer compliance ratings, or having other identified issues. (Financial Services Regulation Account-Non-Appropriated)

**2005-07 Omnibus Operating Budget
Dept of Financial Institutions**

7. Exam Enhancement, Credit Unions - A consumer protection compliance specialist will be added to the Credit Union Division. Over the last year, the federal regulator contacted the Division to require credit union compliance of federally-mandated consumer protection laws, including anti-terrorism laws. (Financial Services Regulation Account-Non-Appropriated)

8. Exam Enhancement, Consumer Services - Increased allotment authority is provided to expand the Division's examination capacity in its four programs: consumer loan companies, mortgage brokers, payday lenders, and money transmitters and currency exchangers. Audits will be performed on predatory practices and emerging issues such as stored value electronic payment systems and Internet-based financial transactions. (Financial Services Regulation Account-Non-Appropriated)

9. Information Technology Package - Additional allotment authority is provided to allow the Department of Financial Institutions to continue developing a comprehensive regulatory database system. (Financial Services Regulation Account-Non-Appropriated)

10. Communication, Outreach & Education - Increased allotment authority is provided for additional consumer education and outreach concerning financial fraud issues. (Financial Services Regulation Account-Non-Appropriated)

11. Licensing, Consumer Services - The Division of Consumer Services will improve scrutiny of license applicants and reduce license application review turn-around times. (Financial Services Regulation Account-Non-Appropriated)

12. Enforcement, Consumer Services - The Division of Consumer Services will increase regulatory oversight on sub-prime lending by consumer loan companies, mortgage brokers, and payday lenders, and money laundering and criminal activity by money transmitters and currency exchangers. (Financial Services Regulation Account-Non-Appropriated)

2005-07 Omnibus Operating Budget
Dept Community, Trade, Econ Dev
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	315.6	128,594	434,210
2005-07 Maintenance Level	350.1	127,836	435,373
Policy Changes:			
1. 7E7 Project Coordination Office	-1.0	-396	-396
2. 2010 Olympics	0.0	0	300
3. Byrne Grant Reduction	-2.0	0	-8,614
4. Middle Management Reduction	-5.5	-399	-605
5. Housing Program Administration	5.0	0	900
6. Cost Allocation Fund Adjustment	0.0	0	-58
7. General Inflation	0.0	-127	-275
8. Transfers	1.2	0	14,642
9. America's Freedom Salute	0.0	50	50
10. Cascade Dialogue	0.0	150	150
11. Methamphetamine Initiative	0.0	1,000	1,000
12. Homeless Housing Program (HB 2163)	5.5	0	10,350
13. Mobile Home Ombudsman (HB 1640)	1.2	106	367
14. Safe Neighborhoods	0.0	50	50
15. Individual Developmt Acct (HB 1408)	0.0	0	1,021
16. Lead Based Paint	0.0	20	20
17. Housing Assist Admin Cap Increase #	2.4	0	1,288
18. Homeless Data Management	2.3	0	1,270
19. Emergency Food Assistance Program	0.0	1,700	1,700
20. Community Mobilization	0.0	0	1,154
21. Small Communities Initiative	1.2	235	235
22. Infrastructure Data System	0.0	0	400
23. EFSEC CO2 Rulemaking	0.3	150	150
24. Increase ECEAP Placements	0.0	5,400	5,400
25. Targeted Vendor Rate Increase	0.0	792	792
26. Center for Advanced Manufacturing	0.0	215	215
27. Community Services Block Grant	0.0	2,000	2,000
28. Domestic Violence	0.0	340	340
29. Transfer Civil Legal Svcs (HB 1747)	1.0	-3,748	-13,407
30. Small Business Incubator (HB 1815)	0.0	470	470
31. NW Farm Innovation Incubator	0.0	500	500
32. Food Processor Study	0.0	50	50
33. Center for Water & Environment	0.0	575	575
34. Pierce County Youth Assessment Ctr	0.0	150	150
Total Policy Changes	11.6	9,283	22,184
Total 2005-07 Biennium	361.7	137,119	457,557
Difference from 2003-05	46.1	8,525	23,347
% Change from 2003-05	14.6%	6.6%	5.4%

Comments:

1. 7E7 Project Coordination Office - The 7E7 Project Office provides essential coordination services between state agencies, local jurisdictions, and private industry to promote economic development opportunities related to the Boeing 7E7. It is anticipated that all coordination issues will be resolved, and this office will close by June 30, 2006.

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Dept Community, Trade, Econ Dev**

- 2. 2010 Olympics** - Funding is provided for the Governor's 2010 Olympics Task Force to develop and implement a strategic plan that captures the economic opportunities for Washington's communities and industries. (Tourism Development and Promotion Account)
- 3. Byrne Grant Reduction** - Congress has combined two federal grants focused on the prevention of violence and substance abuse, the Local Law Enforcement Block Grant and the Byrne Grant. Byrne grant funding is estimated to be reduced by approximately 40 percent. Remaining funds (approximately \$5.9 million per year) will be used for the highest priority programs that achieve the best results. (General Fund-Federal)
- 4. Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.
- 5. Housing Program Administration** - This appropriation is necessary for covering administrative costs for Housing Assistance. Other appropriations for this purpose are bond proceeds and, by statute, are not permitted to be used for administration. (Washington State Housing Assistance Account)
- 6. Cost Allocation Fund Adjustment** - Funding is provided for the department's new cost allocation model, to be implemented on July 1, 2005. (General Fund-Federal, General Fund-Private/Local, and various other funds)
- 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. Transfers** - The federal Victims of Crimes Act grant award is transferred from the Department of Social and Health Services to the Department of Community, Trade and Economic Development. The purpose of the transfer is to provide a more integrated and effective approach to developing services to crime victims through local governments and community-based programs. (General Fund-Federal)
- 9. America's Freedom Salute** - One-time funding is provided solely for the support, including safety and security costs, of the America's Freedom Salute to be held in the Vancouver, Washington area.
- 10. Cascade Dialogue** - One-time funding in the amount of \$150,000 is provided for fiscal year 2006 to the Cascade Land Conservancy to develop and implement a plan for regional conservation within King, Kittitas, Pierce, and Snohomish counties.
- 11. Methamphetamine Initiative** - Funding is provided to Snohomish County for a law enforcement and treatment methamphetamine pilot program. Funds are also provided to Pierce County for the extension of treatment alternatives and targeting the identification, arrest, and prosecution of perpetrators of methamphetamine-related crimes.
- 12. Homeless Housing Program (HB 2163)** - Funding is provided for the implementation of Engrossed Second Substitute House Bill No. 2163 (Homeless Housing Program). If legislation is not enacted by June 30, 2005, the funding lapses. (Homeless Housing Account)
- 13. Mobile Home Ombudsman (HB 1640)** - Funding is provided for the implementation of Engrossed Substitute House Bill No. 1640 (landlord and tenant disputes). If legislation is not enacted by June 30, 2005, the funding lapses. (Mobile Home Investigations Account)
- 14. Safe Neighborhoods** - Funding is provided for one pilot project to promote the study and implementation of safe neighborhoods through community planning.

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- 15. Individual Developmt Acct (HB 1408)** - Funding is provided from the General Fund to the Individual Development Account for the implementation of Substitute House Bill No. 1408 (Individual Development Account). If legislation is not enacted by June 30, 2005, the funding lapses. (Individual Development Account)
- 16. Lead Based Paint** - Funding is provided for the department to compile a report on housing stock in Washington state to identify areas of potentially high risk for child lead exposure. This report shall include an analysis of existing data regarding the ages of housing stock in specific regions, as well as an analysis of data regarding actual lead poisoning cases, which shall be provided by the Department of Health Childhood Lead Poisoning Surveillance program.
- 17. Housing Assist Admin Cap Increase #** - Funding is provided for the implementation of Engrossed House Bill No. 1074 (Admin Cap the Housing Assistance Program and the Affordable Housing Program). If legislation is not enacted by June 30, 2005, the funding lapses. (Washington Housing Trust Account)
- 18. Homeless Data Management** - Funding is provided for the Department of Community, Trade, and Economic Development administer a statewide Homeless Management Information System (HMIS) to track individual homeless clients. (General Fund-Private/Local)
- 19. Emergency Food Assistance Program** - Funding is provided for food banks to obtain and distribute additional nutritious food; purchase equipment to transport and store perishable products; and collaborate with other agencies and experts on nutrition and obesity for services at food banks and tribal voucher programs.
- 20. Community Mobilization** - The Community Mobilization program provides grants to community organizations that implement prevention programs that reduce substance abuse and violence. Additional dollars will increase the number of programs that deliver the most effective strategies. Funds are prioritized to programs that have demonstrated the capability to implement these prevention strategies based on the quality of program evaluations and attaining performance measures. The department also will provide four state-wide trainings on community organizing and offer follow-up technical assistance to increase community capacity to reduce crime through community activities such as block-by-block organizing and enforcement of code ordinances, making the community uninviting to drug trafficking, drug manufacturing, and drug use. (Violence Reduction and Drug Enforcement Account-State)
- 21. Small Communities Initiative** - The Small Communities Initiative is a collaboration between the departments of Health, Ecology, and Community, Trade, and Economic Development that provides intensive technical assistance to very small, rural communities struggling with economic viability and compliance with health and environmental regulations due to failing water or wastewater systems. Over 50 rural communities have chronic water regulation compliance issues. Funding is provided for one additional staff person to work with communities in need of this assistance.
- 22. Infrastructure Data System** - The Public Works program maintains data management systems that support infrastructure projects throughout the state. Funding is provided to update the contracts management system, implement the local government infrastructure data system in partnership with the Transportation Improvement Board, and develop an archaeological predictive model that uses geographic information systems data to predict the probability of finding archaeologically significant features in areas being considered for infrastructure projects. (Public Works Assistance Account)
- 23. EFSEC CO2 Rulemaking** - One-time funding is provided to establish the rules as required under Chapter 80.70 RCW regarding CO2 (carbon dioxide) Mitigation, resulting in more efficient processing of applications for new energy facilities and providing the means to develop Energy Facility Site Evaluation Council expertise in new energy technologies that may come to Washington State.
- 24. Increase ECEAP Placements** - Funding is provided to serve an additional 510 children in Early Childhood Education and Assistance Program (ECEAP).
- 25. Targeted Vendor Rate Increase** - Funding is provided for an inflationary vendor rate increase of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006.

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Dept Community, Trade, Econ Dev**

26. Center for Advanced Manufacturing - Funding is provided for matching funds for a federal Economic Development Administration grant awarded to the City of Kent to conduct a feasibility study and economic analysis for the establishment of a Center for Advanced Manufacturing.

27. Community Services Block Grant - Funding is provided to assist community action agencies, in recognition of reduced federal grant funding.

28. Domestic Violence - Funding is provided to continue domestic violence legal advocacy services, in recognition of reduced federal grant funding.

29. Transfer Civil Legal Svcs (HB 1747) - A reduction of funding reflects the implementation of Substitute House Bill No. 1747 (Indigent Persons/Legal Aid). If legislation is not enacted by June 30, 2005, the funding remains with the Department of Trade and Economic Development. The funding for civil legal aid is transferred to the newly created Office of Civil Legal Aid. (General Fund; Public Safety and Education Account; Violence Reduction and Drug Enforcement)

30. Small Business Incubator (HB 1815) - Funding is provided for implementation of Second Substitute House Bill No. 1815 (small business incubator). If legislation is not enacted by June 30, 2005, the funding lapses.

31. NW Farm Innovation Incubator - Funding is provided solely for the Northwest Agriculture Incubator project, which will support small farms in economic development.

32. Food Processor Study - Funding is provided solely for work with the Northwest Food Processors Association on the Food Processing Cluster Development Project.

33. Center for Water & Environment - Funding is provided to Walla Walla Community College to establish the Water and Environmental Studies Center (Center). The Center will provide workforce education and training, encourage innovative approaches and practices that address environmental and cultural issues, and facilitate the Walla Walla Watershed Alliance role in promoting communication leading to cooperative conservation efforts that effectively address urban and rural water and environmental issues.

34. Pierce County Youth Assessment Ctr - A final appropriation is provided for the Youth Assessment Center in Pierce County for activities dedicated to reducing the rate of incarceration of juvenile offenders.

2005-07 Omnibus Operating Budget
Economic & Revenue Forecast Council
(Dollars in Thousands)

April 6, 2005
3:45 am

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	5.2	1,044	1,044
2005-07 Maintenance Level	5.2	1,073	1,073
Policy Changes:			
1. General Inflation	<u>0.0</u>	<u>-2</u>	<u>-2</u>
Total Policy Changes	0.0	-2	-2
Total 2005-07 Biennium	5.2	1,071	1,071
Difference from 2003-05	0.0	27	27
% Change from 2003-05	0.0%	2.6%	2.6%

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.

2005-07 Omnibus Operating Budget
Office of Financial Management
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	251.9	25,728	110,800
2005-07 Maintenance Level	260.8	28,633	96,866
Policy Changes:			
1. Hi Ed Facilities Preservation Study	1.0	166	166
2. ORM Risk Management	1.0	0	160
3. ORM Content Management System	1.0	0	1,450
4. Statewide Financial System	0.0	0	2,045
5. Home Care Worker Contract	0.0	66	66
6. Middle Management Reduction	-2.3	-76	-253
7. Education Finance Study #	2.0	1,747	1,747
8. Infrastructure Review	0.0	0	200
9. GMAP	2.0	558	558
10. Residential Svcs - Develop Disabled	0.3	182	182
11. General Inflation	0.0	-84	-123
12. Alternative Public Works (HB 1830)	0.0	75	75
13. Permit Assistance	0.0	200	200
14. Performance Measures (HB 1834)	0.5	173	173
15. State Contract & Procuremt (HB2257)	1.0	239	239
16. Medical Assistance Forecast	3.0	322	322
17. State Budget Process (HB 1242)	2.0	500	500
Total Policy Changes	11.5	4,068	7,707
Total 2005-07 Biennium	272.3	32,701	104,573
Difference from 2003-05	20.4	6,973	-6,227
% Change from 2003-05	7.9%	27.1%	-5.6%

Comments:

1. Hi Ed Facilities Preservation Study - The 2004 Supplemental Capital budget provided funding for a capital budget analyst in the Office of Financial Management (Section 207, Chapter 277, laws of 2004). Funding is provided to continue this position.

2. ORM Risk Management - The Office of Risk Management (ORM) will hire one paraprofessional to support the loss prevention review team program. This will increase completed reviews to twelve each year and provide more detailed benchmarking and loss prevention analysis to agencies, based on agency-reported incident data. (Risk Management Administration Account)

3. ORM Content Management System - The Office of Risk Management will implement a system to improve the efficiency of claims-related processes so that less time is spent capturing, creating, aggregating, locating, and disseminating needed information. (Risk Management Administration Account)

4. Statewide Financial System - The Statewide Financial Systems office plans to design and release enhancements in the following systems: Budget and Allotment Support System, FastTrack Report System, Travel Voucher System, and the Disbursement Reporting System. These enhancements are necessary to ensure alignment with other systems, like the new Human Resource Management System, to enable capacity for new methods such as the Priorities of Government view of the budget and to provide tools that customers want, such as the capacity in the travel system for travel advances. (Data Processing Revolving Account)

**2005-07 Omnibus Operating Budget
Office of Financial Management**

5. Home Care Worker Contract - Pursuant to RCW 74.39A.270, a statewide unit of individual providers of home care services may bargain collectively over wages and benefits with the Governor or Governor's designee acting as the public employer of individual providers solely for the purpose of collective bargaining. According to RCW 74.39A.300, a request for funds necessary to implement the compensation and fringe benefits provisions of a collective bargaining agreement must be submitted to the director of the Office of Financial Management by October 1 prior to the legislative session at which the request is to be considered. The Governor must include the costs to meet the agreement terms and the cost of implementation of the agreement in the Governor's budget. This year, an impasse in negotiations led to an interest arbitration proceeding. Funding is needed based on the interest arbitration award. This includes funding for the Office of Financial Management, the Home Care Quality Authority, and the Department of Social and Health Services (DSHS). OFM funds will be matched through an interagency agreement with DSHS.

6. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

7. Education Finance Study # - A comprehensive education study is initiated to allow a simultaneous review of all levels of education - early education, kindergarten through grade 12, and higher education. The study will provide an in-depth review of policy and funding issues and will provide recommendations in the areas of finance, governance, efficiency, and accountability. The steering committee, which is chaired by the Governor and includes legislators, the director of the Office of Financial Management, citizens, and representatives of the early education, K-12, and higher education communities, will submit its findings and final recommendations by November 15, 2006. Funding is provided to the Office of Financial Management for contractor and staff costs associated with the study.

8. Infrastructure Review - One-time funding is provided to review statewide programs that support infrastructure in local jurisdictions and seek potential collaboration, efficiencies, and long-term funding solutions to meet the goals of job creation, public health, environmental protection, and community development. The study shall also inventory all state revolving loan funds for local jurisdictions, other than the Housing Trust Fund. The inventory shall describe each program's administrating agency, objectives, annual loan amounts, outstanding loans, repayments, and interest rates. (Public Works Assistance Account)

9. GMAP - Funding is provided for the implementation of HB 1970 (Government Management). If legislation is not enacted by June 30, 2005, the funding lapses.

10. Residential Svcs - Develop Disabled - Funding is provided to study residential services for developmentally disabled persons. A commission of 13 members will oversee the study. The commission will provide a report of its study to the Legislature by January 2006. The Office of Financial Management will enter into an interagency agreement with the Department of Social and Health Services to access matching federal funds for the study.

11. 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.

12. Alternative Public Works (HB 1830) - Funding is provided for the implementation of Engrossed Substitute House Bill 1830 (alternative public works). If legislation is not enacted by June 30, 2005, the funding lapses.

13. Permit Assistance - One-time funding is provided for the Office of Regulatory Assistance for an enhanced planning and permit pilot program involving two local planning and permit offices.

14. Performance Measures (HB 1834) - Funding is provided for the implementation of Substitute House Bill No. 1834 (performance measures). If legislation is not enacted by June 30, 2005, the funding lapses.

15. State Contract & Procurement (HB2257) - Funding is provided for the implementation of Engrossed House Bill No. 2257 (state contracts). If legislation is not enacted by June 30, 2005, the funding lapses.

**2005-07 Omnibus Operating Budget
Office of Financial Management**

16. Medical Assistance Forecast - Funding is provided to the Medical Assistance Administration's budget to accommodate an increase in the responsibilities that will be assumed by Medical Assistance Administration. (General Fund-State, General Fund-Federal)

17. State Budget Process (HB 1242) - Funding is provided for the implementation of Engrossed Substitute House Bill No. 1242 (state budget process). If legislation is not enacted by June 30, 2005, the funding lapses.

2005-07 Omnibus Operating Budget
Office of Administrative Hearings
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	165.3	0	27,242
2005-07 Maintenance Level	167.3	0	28,457
Policy Changes:			
1. Middle Management Reduction	-0.4	0	-34
2. General Inflation	0.0	0	-110
3. Maintain ALJ/IAJ Salary Alignment	0.0	0	350
4. Convert To Digital Recording	0.0	0	103
5. Replace Computers	0.0	0	154
Total Policy Changes	-0.4	0	463
Total 2005-07 Biennium	166.9	0	28,920
Difference from 2003-05	1.7	0	1,678
% Change from 2003-05	1.2%	0.0%	6.2%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Maintain ALJ/IAJ Salary Alignment - Administrative Law Judges' salaries are increased by 2.5 percent to maintain alignment with those of Industrial Appeals Judges. (Administrative Hearings Revolving Account-State)

4. Convert To Digital Recording - Hearings recordings are converted from cassette tape to digital recording. (Administrative Hearings Revolving Account-State)

5. Replace Computers - Funding is provided to replace 65 computers used for the Employment Security Department caseload. The new computers will enable the Office of Administrative Hearings to participate in the Department of Information Services' managed Enterprise Active Directory and to utilize single sign-on and self-service capabilities of the new Human Resource Management System. (Administrative Hearings Revolving Account-State)

2005-07 Omnibus Operating Budget
Department of Personnel
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	200.8	0	42,771
2005-07 Maintenance Level	202.5	0	51,711
Policy Changes:			
1. Middle Management Reduction	-3.5	0	-386
2. General Inflation	0.0	0	-313
3. Simplified Classification System	1.5	0	197
4. Personnel System Reform Act of 2002	12.8	0	1,894
Total Policy Changes	10.8	0	1,392
Total 2005-07 Biennium	213.3	0	53,103
Difference from 2003-05	12.6	0	10,332
% Change from 2003-05	6.0%	0.0%	24.2%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Simplified Classification System - Funding is provided to implement a simplified employee classification pursuant to the Personnel System Reform Act of 2002. (Department of Personnel Service Account-State)

4. Personnel System Reform Act of 2002 - Funding is provided for additional resources to implement elements of the civil service reform plan initiated by the Personnel Services Reform Act of 2002. The funding supports additional staff to develop new programs and forms for the new Human Resources Information System, train outside agency personnel for civil service reform changes, and provide administrative support. Professional expertise will also be developed to evaluate the performance of reform efforts, and a Leadership Development Program Manager will create and implement a program in support of the Priorities of Government initiative. (Department of Personnel Service Account-State)

2005-07 Omnibus Operating Budget
State Lottery Commission
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	145.3	0	706,027
2005-07 Maintenance Level	145.3	0	736,447
Policy Changes:			
1. Middle Management Reduction	-0.2	0	-23
2. General Inflation	0.0	0	-1,924
Total Policy Changes	-0.2	0	-1,947
Total 2005-07 Biennium	145.1	0	734,500
Difference from 2003-05	-0.2	0	28,473
% Change from 2003-05	0.0%	0.0%	4.0%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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.

2005-07 Omnibus Operating Budget
Washington State Gambling Comm
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	178.0	0	27,256
2005-07 Maintenance Level	156.2	0	26,308
Policy Changes:			
1. Middle Management Reduction	-1.4	0	-156
2. General Inflation	0.0	0	-91
3. Gambling Information Management Sys	0.0	0	500
Total Policy Changes	-1.4	0	253
Total 2005-07 Biennium	154.8	0	26,561
Difference from 2003-05	-23.2	0	-695
% Change from 2003-05	-12.9%	0.0%	-2.5%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Gambling Information Management Sys - Funding is provided for the Commission to develop a gambling information management system to replace its current licensing system. The new system will integrate other stand-alone databases developed in recent years, into a comprehensive system with a web-based interface. (Gambling Revolving Account-Non-Appropriated)

2005-07 Omnibus Operating Budget
WA State Comm on Hispanic Affairs
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1.8	413	413
2005-07 Maintenance Level	1.8	449	449
Policy Changes:			
1. General Inflation	0.0	-2	-2
2. Address Disparity Issues	1.2	157	157
Total Policy Changes	1.2	155	155
Total 2005-07 Biennium	3.0	604	604
Difference from 2003-05	1.2	191	191
% Change from 2003-05	50.0%	46.2%	46.2%

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. Address Disparity Issues - Funding is provided to increase the Commission's administrative assistant to full time and hire a full time policy analyst. The policy analyst will seek to improve the economic, health, and educational opportunities of the Hispanic community by working with the other ethnic commissions and state agencies.

2005-07 Omnibus Operating Budget
African-American Affairs Comm
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1.8	402	402
2005-07 Maintenance Level	1.8	452	452
Policy Changes:			
1. General Inflation	0.0	-2	-2
2. Address Disparity Issues	1.2	146	146
Total Policy Changes	1.2	144	144
Total 2005-07 Biennium	3.0	596	596
Difference from 2003-05	1.2	194	194
% Change from 2003-05	50.0%	48.3%	48.3%

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. Address Disparity Issues - Funding is provided to increase the Commission's administrative assistant to full time and hire a full time policy analyst. The policy analyst will seek to improve the economic, health, and educational opportunities of the African American community by cooperating with the other ethnic commissions and state agencies.

2005-07 Omnibus Operating Budget
Personnel Appeals Board
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	11.0	0	1,740
2005-07 Maintenance Level	5.5	0	1,011
Policy Changes:			
1. General Inflation	0.0	0	-5
Total Policy Changes	0.0	0	-5
Total 2005-07 Biennium	5.5	0	1,006
Difference from 2003-05	-5.5	0	-734
% Change from 2003-05	-45.5%	0.0%	-42.2%

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.

2005-07 Omnibus Operating Budget
Department of Retirement Systems
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	272.2	0	49,671
2005-07 Maintenance Level	274.8	0	48,180
Policy Changes:			
1. Middle Management Reduction	-3.0	0	-324
2. General Inflation	0.0	0	-188
3. LEOFF 2 Service Credit Purchase	0.0	0	10
4. LEOFF 2 Post Retirement Employment	0.0	0	32
5. LEOFF 1 Ex-Spouse Benefits	0.0	0	26
6. Military Service Credit	0.0	0	46
7. Post-retirement Employment PERS/TRS	0.5	0	99
8. TRS Service Credit Purchase	0.0	0	13
9. LEOFF 1 Reduced Survivor Benefit	0.3	0	79
10. Emergency Medical Technicians	0.3	0	56
Total Policy Changes	-2.0	0	-151
Total 2005-07 Biennium	272.8	0	48,029
Difference from 2003-05	0.7	0	-1,642
% Change from 2003-05	0.4%	0.0%	-3.3%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. LEOFF 2 Service Credit Purchase - Funding is provided for administrative costs related to allowing members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 to purchase up to five years of additional service credit at the time of retirement. This appropriation is contingent on the enactment of House Bill 1269 (LEOFF 2 service credit). (Department of Retirement Systems Expense Account-State)

4. LEOFF 2 Post Retirement Employment - Funding is provided for administrative costs related to allowing retired members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 to choose either collecting retirement benefits or earning service credit upon employment in a position covered by another state retirement system. This appropriation is contingent on the enactment of House Bill 1270 (LEOFF 2 retire rehire). (Department of Retirement Systems Expense Account-State)

5. LEOFF 1 Ex-Spouse Benefits - Funding is provided for administrative costs related to continuing the court-awarded portion of a benefit paid to the former spouse of a member of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 following the member's death. This appropriation is contingent on the enactment of House Bill 1319 (LEOFF 1 ex spouse). (Department of Retirement Systems Expense Account-State)

**2005-07 Omnibus Operating Budget
Department of Retirement Systems**

6. Military Service Credit - Funding is provided for administrative costs related to permitting members or survivors of a members of the Law Enforcement Officers' and Fire Fighters' Plan 2, the Public Employees' Retirement System Plan 2/3, the Public Safety Employees' Retirement System Plan 2, the School Employees' Retirement System Plan 2/3, or the Teachers' Retirement System Plan 2/3 to purchase military service credit following honorable discharge if a member is disabled from further employment or killed in the line of duty. This appropriation is contingent on the enactment of House Bill 1325 (military service credit). (Department of Retirement Systems Expense Account-State)

7. Post-retirement Employment PERS/TRS - Funding is provided for administrative costs related to changes in the post-retirement employment rules in the Public Employees' Retirement System and the Teachers' Retirement System Plans 1. This appropriation is contingent on the enactment of Substitute House Bill 1326 (rehire of retired public employees). (Department of Retirement Systems Expense Account-State)

8. TRS Service Credit Purchase - Funding is provided for administrative costs related to members of the Teachers' Retirement System Plans 2 and 3 to purchase up to five years of service credit at the time of early retirement. This appropriation is contingent on the enactment of House Bill 1327 (TRS early retirement). (Department of Retirement Systems Expense Account-State)

9. LEOFF 1 Reduced Survivor Benefit - Funding is provided for administrative costs related to extending the availability of an optional, actuarially-reduced survivor benefit for members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 that have benefits subject to a property division order from a prior divorce. This appropriation is contingent on the enactment of House Bill 1329 (LEOFF 1 reduced retirement). (Department of Retirement Systems Expense Account-State)

10. Emergency Medical Technicians - Funding is provided for administrative costs related to including emergency medical technicians (EMTs) currently covered by the Public Employees' Retirement System in the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2). Members transferred to LEOFF 2 have the opportunity to pay additional contributions and transfer past service earned in PERS as an EMT to LEOFF 2. Employers of EMTs transferring service will make payments to the LEOFF 2 retirement system to ensure that contribution rates do not increase as a result of the past service credit transfer. This appropriation is contingent on the enactment of Substitute House Bill 1936 (PERS emergency medical technicians). (Department of Retirement Systems Expense Account-State)

2005-07 Omnibus Operating Budget
State Investment Board
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	60.6	100	13,448
2005-07 Maintenance Level	60.6	0	14,184
Policy Changes:			
1. Recruitment and Retention	0.0	0	340
2. Middle Management Reduction	-0.6	0	-67
3. General Inflation	0.0	0	-35
4. Invest. Perform. & Accountability	12.0	0	2,586
5. Investment Personnel Svc Contracts	0.0	0	-1,283
Total Policy Changes	11.4	0	1,541
Total 2005-07 Biennium	72.0	0	15,725
Difference from 2003-05	11.4	-100	2,277
% Change from 2003-05	18.0%	-100.0%	16.9%

Comments:

1. Recruitment and Retention - Funding is provided to address issues of recruitment and retention of investment officers. (State Investment Board Expense Account-State)

2. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Invest. Perform. & Accountability - Funding is provided for additional portfolio manager positions in order to increase the capacity for investment manager selection and oversight, policy analysis, portfolio construction, research, and participation in corporate governance. (State Investment Board Expense Account-State)

5. Investment Personnel Svc Contracts - Funding for a contract to provide the Board's investment accounting system is transferred from appropriated agency expenditures to non-appropriated expenditures. (State Investment Board Expense Account-State)

2005-07 Omnibus Operating Budget
Public Printer
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	133.0	0	65,990
2005-07 Maintenance Level	133.0	0	66,419
Policy Changes:			
1. Press-Printing and Copying	1.8	0	165
2. On Demand Printing	3.0	0	128
3. Tech Efficiencies/Savings & Redist	0.0	0	-1,327
Total Policy Changes	4.8	0	-1,034
Total 2005-07 Biennium	137.8	0	65,385
Difference from 2003-05	4.8	0	-605
% Change from 2003-05	3.8%	0.0%	-0.9%

Comments:

1. Press-Printing and Copying - Staffing and associated costs are increased to meet customer demand for printing and copying. (Printing Plant Revolving Account-Nonappropriated)

2. On Demand Printing - Staffing and associated costs are increased to meet customer demand for printing services. (Printing Plant Revolving Account-Nonappropriated)

3. Tech Efficiencies/Savings & Redist - There is a net reduction in costs due to technological advances and the use of sophisticated equipment. There is also a redistribution of current staff to the higher demand activities of bindery and shipping, and printing and copying. (Printing Plant Revolving Account-Nonappropriated)

2005-07 Omnibus Operating Budget
Department of Revenue
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,067.2	166,137	177,434
2005-07 Maintenance Level	1,062.8	175,304	187,592
Policy Changes:			
1. Middle Management Reduction	-13.9	-1,480	-1,530
2. General Inflation	0.0	-642	-671
3. Tax Expenditure Reports (HB 1096)	1.5	254	254
4. Homeless Housing Program (HB 2163)	0.0	22	22
Total Policy Changes	-12.4	-1,846	-1,925
Total 2005-07 Biennium	1,050.4	173,458	185,667
Difference from 2003-05	-16.8	7,321	8,233
% Change from 2003-05	-1.6%	4.4%	4.6%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Tax Expenditure Reports (HB 1096) - Funding is provided for the implementation of House Bill 1096 (tax expenditure reports). If this bill is not enacted by June 30, 2005, the funding lapses.

4. Homeless Housing Program (HB 2163) - Funding is provided for the implementation of House Bill 2163 (homeless housing program). If this bill is not enacted by June 30, 2005, the funding lapses.

2005-07 Omnibus Operating Budget
Board of Tax Appeals
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	11.0	2,234	2,234
2005-07 Maintenance Level	11.0	2,291	2,291
Policy Changes:			
1. General Inflation	0.0	-7	-7
2. Tax Referee and Law Clerk	1.5	248	248
Total Policy Changes	1.5	241	241
Total 2005-07 Biennium	12.5	2,532	2,532
Difference from 2003-05	1.5	298	298
% Change from 2003-05	9.1%	13.3%	13.3%

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. Tax Referee and Law Clerk - Funding is provided for additional staff to reduce the amount of time that taxpayers wait for hearing and resolution of their tax appeals.

2005-07 Omnibus Operating Budget
Municipal Research Council
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	0	4,621
2005-07 Maintenance Level	0.0	0	4,621
Policy Changes:			
1. Contractor Increase	0.0	0	300
Total Policy Changes	0.0	0	300
Total 2005-07 Biennium	0.0	0	4,921
Difference from 2003-05	0.0	0	300
% Change from 2003-05	0.0%	0.0%	6.5%

Comments:

1. Contractor Increase - Funding is provided to increase the Municipal Research Council contract with the Municipal Research and Services Center to cover the following items: a 4 percent salary increase for employees in the first year of the biennium; an increase in the existing lease agreement; and an increase in the costs of travel, goods, and services. (City and Town Research Services Account-State, County Research Services Account-State)

2005-07 Omnibus Operating Budget
Minority & Women's Business Enterp
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	16.0	0	2,018
2005-07 Maintenance Level	16.0	0	2,401
Policy Changes:			
1. Interagency Agreements	0.0	0	525
2. General Inflation	0.0	0	-12
3. Small Business and Grant Support	1.0	0	180
Total Policy Changes	1.0	0	693
Total 2005-07 Biennium	17.0	0	3,094
Difference from 2003-05	1.0	0	1,076
% Change from 2003-05	6.2%	0.0%	53.3%

Comments:

1. Interagency Agreements - A technical adjustment is made to an interagency agreement to match expenditures with available revenue. (OMWBE 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.

3. Small Business and Grant Support - Funding is provided to apply for and develop federal and private sector grants for the Office of Minority and Women's Business Enterprises (OMWBE) and to aid in coordinating economic development programs and support services to small businesses. (OMWBE Account-State)

2005-07 Omnibus Operating Budget
Dept of General Administration
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	564.3	478	132,130
2005-07 Maintenance Level	571.8	495	127,739
Policy Changes:			
1. Transfer Capital Costs	6.7	0	2,214
2. Middle Management Reduction	-8.8	-24	-970
3. General Inflation	0.0	0	-931
4. Nonappropriated Fund Adjustment	0.0	0	106
5. State Enterprise Procurement System	0.0	0	251
6. Engineer and Architect Services	14.1	0	2,747
7. Motor Pool to Non-Appropriated #	0.0	0	0
8. Custodial Standards in Office Areas	0.0	0	0
9. Improve Parking Enforcement	0.0	0	56
10. Implement a Business Support System	0.0	0	100
11. Legislative Building Security	-10.5	0	-2,009
Total Policy Changes	1.6	-24	1,564
Total 2005-07 Biennium	573.3	471	129,303
Difference from 2003-05	9.0	-7	-2,827
% Change from 2003-05	1.6%	-1.5%	-2.1%

Comments:

1. Transfer Capital Costs - Ongoing costs of functions that provide general support to the capital program are transferred from the capital budget to the operating budget where these functions are more appropriately funded. (State Vehicle Parking Account-Nonappropriated, General Administration Services Account-Appropriated, General Administration Services Account-Nonappropriated)

2. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Nonappropriated Fund Adjustment - Funding is provided for debt service.

5. State Enterprise Procurement System - In the 2003-05 Biennium, the Procurement Contract Administration Office rolled out the new Washington Electronic Business Solutions enterprise procurement support system that provides vendors and state agencies with a new procurement on-line portal for vendor registration, bid notification, bid quotes, and contract usage reporting. In the 2005-07 Biennium, a new system module will be added that will allow the vendor community and state agencies to conduct the following procurement activities on-line: pre-bids, bid evaluation, contract award and contract management. This new statewide procurement system will allow the state to more effectively aggregate purchases of goods and services, resulting in state agency savings from cheaper goods and services. (General Administration Services Account-Nonappropriated)

6. Engineer and Architect Services - The Engineering and Architectural Services Division's reimbursable project management activities will be transferred from the capital budget to the Department of General Administration's (GA) internal service fund in the operating budget to more appropriately reflect its fee for service nature and to improve accountability, financial visibility, and managerial control. (General Administration Services Account-Nonappropriated)

**2005-07 Omnibus Operating Budget
Dept of General Administration**

7. Motor Pool to Non-Appropriated # - Funding is provided for the implementation of House Bill No. 1008 (managing the motor pool). If legislation is not enacted by June 30, 2005, the funding lapses. Expenses related to staff and vehicle purchase were appropriated, and expenses related to vehicle maintenance and fuel were nonappropriated. (General Administration Services Account-Nonappropriated)

8. Custodial Standards in Office Areas - Funds are provided for a pilot to test a new office building cleaning approach called Operating System 1. Agencies will be billed for this service through a revolving fund, appropriated charge in lieu of a reimbursable, nonappropriated charge. (General Administration Services Account)

9. Improve Parking Enforcement - The Department of General Administration will contract with the Washington State Patrol (WSP) for a trooper to conduct full-time parking enforcement on the capitol campus. Increased enforcement is required to reduce unauthorized parking in capitol campus parking spaces. In previous biennia, WSP troopers' time on the campus was split between providing a security presence, responding to reports of criminal activity, and enforcing laws and regulations. (State Vehicle Parking Account-Nonappropriated)

10. Implement a Business Support System - The Division of Facility and Planning Management will implement a short-term consolidated data repository for a facilities operations management system to enable the division to more effectively manage GA-managed facilities, building space, campus grounds, Capitol Lake, roads, paved walkways, capitol campus infrastructure, and parking spaces. In addition, a long-term strategy will be developed to integrate facilities' infrastructure data contained in the multiple agency systems. (State Parking Account-Appropriated, General Administration Services Account-Appropriated, General Administration Services Account-Nonappropriated)

11. Legislative Building Security - Security operations in the Legislative Building that began in January 2005, including perimeter security, entrance screening, and camera monitoring are reduced.

2005-07 Omnibus Operating Budget
Department of Information Services
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	429.5	2,650	208,538
2005-07 Maintenance Level	429.5	39	207,330
Policy Changes:			
1. Business Continuity	2.0	0	500
2. Middle Management Reduction	-6.6	0	-714
3. General Inflation	0.0	-39	-2,014
4. Justice Information Network	3.0	0	684
5. Small Agency Client Services	0.0	0	974
6. Enterprise Business Support	4.0	0	610
7. Enhanced Radio Communications	2.0	0	381
Total Policy Changes	4.5	-39	421
Total 2005-07 Biennium	434.0	0	207,751
Difference from 2003-05	4.5	-2,650	-787
% Change from 2003-05	0.9%	-100.0%	-0.4%

Comments:

1. Business Continuity - Funding is provided for the development of a statewide business continuity governance structure, an enterprise business continuity framework, and a statewide business continuity plan and budget that identifies the state's vital systems and services that must remain operational in a disaster and the planned level of availability required for each service. (Data Processing Revolving Account-Nonappropriated)

2. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Justice Information Network - Funding is provided to establish a Justice Information Network office within the Department of Information Services. (Public Safety and Education Account-State)

5. Small Agency Client Services - Funding is provided for IT technical/security and facility assessments, critical IT infrastructure equipment acquisition, and resource-sharing of IT infrastructure through co-location with larger agencies or migration to DIS centralized e-mail and server hosting services. (Data Processing Revolving Account-Nonappropriated)

6. Enterprise Business Support - Funding is provided to support workload increases resulting from development of the Department of Personnel's Human Resource Management system and the Department of Labor and Industries' Online Reporting and Customer Access system. (Data Processing Revolving Account-Nonappropriated)

7. Enhanced Radio Communications - Funding is provided to create a State Interoperability Executive Committee (SIEC) project office within the Department of Information Services. The office will serve as a link between public safety and public service communications systems and to manage state-designated and state-owned radio frequencies across the state. Project office staff will also assist state agencies with migration to the Federal Communications Commission's mandated narrow band technology. (Data Processing Revolving Account-Nonappropriated)

2005-07 Omnibus Operating Budget
Office of Insurance Commissioner
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	199.2	0	34,118
2005-07 Maintenance Level	199.7	0	35,055
Policy Changes:			
1. Middle Management Reduction	-2.9	0	-312
2. General Inflation	0.0	0	-89
3. Financial Analysis Improvement	1.0	0	194
4. Accreditation Standard	2.6	0	281
5. HP 3000 Computer Replacement	3.8	0	3,514
6. Illegal Insurer Investigations	1.0	0	162
7. IT Asset Replacement	0.0	0	594
8. Market Analysis Development Project	0.5	0	108
9. SHIBA HelpLine	1.0	0	452
Total Policy Changes	7.0	0	4,904
Total 2005-07 Biennium	206.7	0	39,959
Difference from 2003-05	7.5	0	5,841
% Change from 2003-05	4.0%	0.0%	17.1%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Financial Analysis Improvement - Funding is provided to hire an additional insurance examiner that will enable the Office of Insurance Commissioner (OIC) to identify financially troubled insurers earlier, allowing the agency to take corrective action sooner, thus reducing the risk to consumers. OIC performs a basic analysis of domestic insurers' financial statements which identifies companies with the potential of becoming financially distressed. Through early detection and intervention, the agency can assist companies before they face serious financial problems or insolvency. Currently, OIC is only able to perform an analysis of the most troubled companies. (Insurance Commissioner's Regulatory Account-State)

4. Accreditation Standard - Funding and staff are provided for the insurance commissioner to meet accreditation standards.

5. HP 3000 Computer Replacement - The Office of Insurance Commissioner's HP 3000 mainframe computer will no longer be supported by the manufacturer as of December 2006. All mission critical agency insurance data reside on this system. Funding is provided to replace the mainframe and to redesign all mission critical applications. Funding for the requirements definition phase of this project was approved in the 2004 Supplemental Budget. (Insurance Commissioner's Regulatory Account-State)

6. Illegal Insurer Investigations - Washington consumers are being victimized by criminal enterprises selling fraudulent insurance products. This funding will enable the Office of Insurance Commissioner to evaluate and investigate all referrals of suspected criminal activity involving insurance transactions. Funding for one investigator position is needed to supplement the work of the current investigator. (Insurance Commissioner's Regulatory Account-State)

**2005-07 Omnibus Operating Budget
Office of Insurance Commissioner**

7. IT Asset Replacement - The Office of Insurance Commissioner's current personal computer and network infrastructure has reached the end of its life cycle. Funding is provided for an information technology (IT) asset replacement cycle for all IT equipment and standard desktop software. (Insurance Commissioner's Regulatory Account-State)

8. Market Analysis Development Project - Funding is needed for a one-year project position to determine the feasibility, design, structure, and organizational impact of establishing a market analysis program as a tool for regulating insurance products sold in the state of Washington. This development project is being driven at the national level to better focus limited resources on consumer protection. (Insurance Commissioner's Regulatory-State)

9. SHIBA HelpLine - The Office of Insurance Commissioner's Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine is a statewide network of trained volunteers who provide one-on-one counseling and community education to consumers on health care and health insurance. SHIBA volunteers are supported by a county sponsor, usually a single community organization working with consumers in that county. The increasingly diverse population of Washington, including many non-English speaking residents, has strained sponsor capability, particularly in King, Pierce and Snohomish counties. Funding is provided for sponsor reimbursements and a health insurance advisor to improve service to the diverse populations of this three-county area. (Insurance Commissioner's Regulatory Account-State)

2005-07 Omnibus Operating Budget
State Board of Accountancy
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	9.3	0	1,994
2005-07 Maintenance Level	9.3	0	1,940
Policy Changes:			
1. General Inflation	0.0	0	-9
Total Policy Changes	0.0	0	-9
Total 2005-07 Biennium	9.3	0	1,931
Difference from 2003-05	0.0	0	-63
% Change from 2003-05	0.0%	0.0%	-3.2%

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.

2005-07 Omnibus Operating Budget
Forensic Investigations Council
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	0	274
2005-07 Maintenance Level	0.0	0	282
Total 2005-07 Biennium	0.0	0	282
Difference from 2003-05	0.0	0	8
% Change from 2003-05	0.0%	0.0%	2.9%

Comments:

2005-07 Omnibus Operating Budget
Washington Horse Racing Commission
(Dollars in Thousands)

April 6, 2005
3:45 am

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	28.5	0	4,647
2005-07 Maintenance Level	28.5	0	8,498
Policy Changes:			
1. General Inflation	0.0	0	-20
Total Policy Changes	0.0	0	-20
Total 2005-07 Biennium	28.5	0	8,478
Difference from 2003-05	0.0	0	3,831
% Change from 2003-05	0.0%	0.0%	82.4%

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.

2005-07 Omnibus Operating Budget
WA State Liquor Control Board
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	961.0	2,935	162,281
2005-07 Maintenance Level	965.0	3,039	170,730
Policy Changes:			
1. Change Expense to Nonappropriated	0.0	0	58
2. Middle Management Reduction	-5.0	-15	-547
3. General Inflation	0.0	-7	-1,123
4. Staff Training	1.0	0	402
5. Criminal Justice Training	0.0	32	158
6. Enhance Stores Network Connection	1.0	0	2,228
7. Optional Redemption of COPs	0.0	0	4,315
8. Improve Core Technology Operations	4.0	0	2,261
9. Financing Warehouse Expansion	0.0	0	2,800
10. Increase Shipping Capacity	11.6	0	3,233
11. More Store FTEs for Revenue Growth	28.0	0	2,746
12. Liquor Retail Plan (HB 1379)	15.5	0	1,435
Total Policy Changes	56.1	10	17,966
Total 2005-07 Biennium	1,021.1	3,049	188,696
Difference from 2003-05	60.1	114	26,415
% Change from 2003-05	6.2%	3.9%	16.3%

Comments:

1. Change Expense to Nonappropriated - Bags to carry purchased liquor are changed from an appropriated to a nonappropriated/budgeted expense. In previous biennia bags have been an appropriated expense. This change allows the Liquor Control Board to continue to provide bags to customers without having to seek additional appropriation authority when liquor sales increase. (Liquor Revolving Account-Non-Appropriated)

2. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Staff Training - Funding is provided for an FTE and staff training courses. (Liquor Revolving Account-State)

5. Criminal Justice Training - All newly hired liquor enforcement officers (LEOs) are required to receive 720 hours of basic law enforcement academy (BLEA) training. Currently, there are 40 LEOs employed prior to this period, that have not received this training. Beginning in the 2005-07 Biennium, five of these LEOs will attend the BLEA per year. This funding will allow all LEOs to meet the minimum law enforcement training standards established by the Washington State Criminal Justice Training Commission. (Liquor Revolving Account-State)

6. Enhance Stores Network Connection - Funding is provided for a high-speed Wide Area Network (WAN) to be installed in all of the 161 state liquor stores, which will allow credit card transaction times of five seconds or less, access to on-line Lottery games, and the ability to conduct product searches. (Liquor Revolving Account-State).

**2005-07 Omnibus Operating Budget
WA State Liquor Control Board**

7. Optional Redemption of COPs - Funding is provided for the Liquor Control Board to make an accelerated final payment on the Certificate of Participation that was used to finance the new Seattle Liquor Distribution Center. Making this accelerated final payment saves the state \$390,000 in interest expenses. Once the debt is eliminated, the agency will retain a portion of the \$0.20/liter surcharge to finance the expansion of the Seattle Distribution Center. (Liquor Control Board Construction and Maintenance Account-State)

8. Improve Core Technology Operations - Funding is provided for information technology investments in the following areas: replacement of essential computer equipment; improvement of security measures; and improvement of the technical support for core infrastructure. The improvement of security measures involves hiring an IT security coordinator to bring the Liquor Control Board into full compliance with all Information Services Board security standards. The improvement of technical support for the core infrastructure includes adding three additional staff to address network and management concerns. (Liquor Revolving Account-State)

9. Financing Warehouse Expansion - Funding is provided to expand the Seattle Liquor Distribution Center to meet annual growth in liter sales of 4.8 percent. The additional space will support expanded receiving docks, floor and rack storage, and staging areas. Construction is expected to be completed by December 2007, and the project cost is estimated at \$17.5 million. The Board will fund the expansion through a certificate of participation and continuation of the 20 cents per liter surcharge that funded the existing Distribution Center. (Liquor Control Board Construction and Maintenance Account-State)

10. Increase Shipping Capacity - Funding is provided to improve the material handling equipment at the Seattle Liquor Distribution Center. Additions include: an upgrade to the latest version of the Warehouse Management System (WMS) software, modifications to the WMS software to allow for more efficient product retrieval, purchase of a carousel maintenance agreement, and additional product retrieval equipment and material handling system back-up parts. The upgrades to the material handling equipment and warehouse management systems, to be made in FY 2005 and early FY 2006, will generate an additional \$14.86 million in revenue. (Liquor Revolving Account-State)

11. More Store FTEs for Revenue Growth - Funding is provided for new staff in stores with the greatest potential for revenue growth. The Liquor Control Board, with the assistance of two new retail business analysts and an independent consultant, will analyze the impact of additional staff on customer satisfaction and revenue growth and make recommendations concerning the need for additional state liquor store staff, store relocations, new state and contract liquor stores, and other retail organizational structure changes. (Liquor Revolving Account-State)

12. Liquor Retail Plan (HB 1379) - Funding is provided for the implementation of HB 1379 (liquor retail business plan). If this bill is not enacted by June 30, 2005, the funding lapses.

2005-07 Omnibus Operating Budget
Utilities and Transportation Comm
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	155.1	0	30,485
2005-07 Maintenance Level	155.4	0	32,030
Policy Changes:			
1. National Energy Policy Devt	0.0	0	120
2. Middle Management Reduction	-2.4	0	-253
3. General Inflation	0.0	0	-68
4. Information Services Support	1.0	0	145
5. Statewide Systems Increase	0.0	0	46
6. Public Counsel Legal Services	0.0	0	70
Total Policy Changes	-1.4	0	60
Total 2005-07 Biennium	154.0	0	32,090
Difference from 2003-05	-1.2	0	1,605
% Change from 2003-05	-0.6%	0.0%	5.3%

Comments:

1. National Energy Policy Devt - Funding is provided to further the state's interest in national policy development being considered in Congress and at the Federal Energy Regulatory Commission. (Public Service Revolving Account-State)

2. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Information Services Support - Funding is provided for one additional staff position in the Information Services section of the Washington Utilities and Transportation Commission. This section has multiple developmental projects underway, as well as a project backlog that exceeds the staff available to address it. (Public Service Revolving Account-State)

5. Statewide Systems Increase - Funding is provided to improve the agency cost allocation and revenue systems that were developed in the 1960s. This enhancement will allow the Commission to utilize the state accounting system (AFRS) to a greater degree and implement the new state time-keeping system in FY 2005. (Public Service Revolving Account-State)

6. Public Counsel Legal Services - Funding is provided to improve the ability of the Public Counsel to address consumer issues through testimony and analysis by a variety of expert witnesses. Recent changes in the telecommunications, electric, and natural gas industries requires the use of expert witnesses beyond the capacity of the current budget. (Public Service Revolving Account-State)

2005-07 Omnibus Operating Budget
Board for Volunteer Firefighters
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	3.0	0	738
2005-07 Maintenance Level	3.0	0	763
Policy Changes:			
1. General Inflation	0.0	0	-2
2. Contract for IT Support Services	0.0	0	18
3. Hire an Office Assistant	0.8	0	45
4. Civil Service Reform Training	0.0	0	1
Total Policy Changes	0.8	0	62
Total 2005-07 Biennium	3.8	0	825
Difference from 2003-05	0.8	0	87
% Change from 2003-05	33.3%	0.0%	11.8%

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. Contract for IT Support Services - Funding is provided for information technology support provided by the Department of Information Services. (Volunteer Firefighters/Reserve Officers Administrative Account-Nonappropriated)

3. Hire an Office Assistant - Funding is provided to meet additional staffing requirements, including separating duties and meeting increased workload demands. (Volunteer Firefighters/Reserve Officers Administrative Account-Nonappropriated)

4. Civil Service Reform Training - Funding is provided for costs associated with required civil service reform training to comply with the Personnel System Reform Act of 2002. (Volunteer Firefighters/Reserve Officers Administrative Account-Non-Appropriated)

2005-07 Omnibus Operating Budget
Military Department
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	280.8	17,165	286,446
2005-07 Maintenance Level	287.0	17,804	264,796
Policy Changes:			
1. E-911 Database Upgrade	0.0	0	2,900
2. Middle Management Reduction	-2.4	-122	-257
3. General Inflation	0.0	-81	-292
4. Volunteer Medical Worker (HB 1850)	0.5	62	62
5. Natn'l Guard Life Ins. (HB 1343)	0.5	432	432
Total Policy Changes	-1.4	291	2,845
Total 2005-07 Biennium	285.7	18,095	267,641
Difference from 2003-05	4.9	930	-18,805
% Change from 2003-05	1.8%	5.4%	-6.6%

Comments:

1. E-911 Database Upgrade - Funding is provided to upgrade the Enhanced 911 database to meet the National Emergency Number Association's Extensible Markup Language (XML) standards. This upgrade will permit data sharing between multiple systems, including wireline, wireless, and voice-over-Internet Protocol technology (VoIP). These applications have been endorsed by the Federal Communications Commission. (Enhanced 911 Account-State)

2. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Volunteer Medical Worker (HB 1850) - Funding is provided for the implementation of House Bill 1850 (Volunteer Medical Worker). If this bill is not enacted by June 30, 2005, the funding lapses.

5. Natn'l Guard Life Ins. (HB 1343) - Funding is provided for the implementation of House Bill 1343 (National Guard Life Insurance). If this bill is not enacted by June 30, 2005, the funding lapses.

2005-07 Omnibus Operating Budget
Public Employment Relations Comm
(Dollars in Thousands)

April 6, 2005
3:45 am

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	41.4	4,856	7,403
2005-07 Maintenance Level	42.7	5,162	7,873
Policy Changes:			
1. General Inflation	0.0	-16	-23
Total Policy Changes	0.0	-16	-23
Total 2005-07 Biennium	42.7	5,146	7,850
Difference from 2003-05	1.3	290	447
% Change from 2003-05	4.9%	6.0%	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.

2005-07 Omnibus Operating Budget
LEOFF 2 Retirement Board
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1.8	0	889
2005-07 Maintenance Level	6.0	0	1,889
Policy Changes:			
1. General Inflation	0.0	0	-5
Total Policy Changes	0.0	0	-5
Total 2005-07 Biennium	6.0	0	1,884
Difference from 2003-05	4.3	0	995
% Change from 2003-05	200.0%	0.0%	111.9%

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.

2005-07 Omnibus Operating Budget
Growth Management Hearings Board
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	12.0	3,020	3,020
2005-07 Maintenance Level	12.0	3,053	3,053
Policy Changes:			
1. Connecting to the State Network	0.0	18	18
2. General Inflation	0.0	-7	-7
3. Caseload Increases	0.0	62	62
Total Policy Changes	0.0	73	73
Total 2005-07 Biennium	12.0	3,126	3,126
Difference from 2003-05	0.0	106	106
% Change from 2003-05	0.0%	3.5%	3.5%

Comments:

1. Connecting to the State Network - The Western Washington Growth Management Hearings Board plans to relocate to the General Administration Building. Funding is provided for information technology (IT) support, such as connection to the state governmental network, local area network, desktop support, and IT portfolio support.

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. Caseload Increases - Funding is provided to meet the anticipated increase in cases filed for review due to counties and cities updating their natural resource lands designations, critical areas ordinances, comprehensive plans and development regulations.

2005-07 Omnibus Operating Budget
State Convention and Trade Center
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	155.0	0	71,735
2005-07 Maintenance Level	161.0	0	76,649
Policy Changes:			
1. General Inflation	0.0	0	-154
Total Policy Changes	0.0	0	-154
Total 2005-07 Biennium	161.0	0	76,495
Difference from 2003-05	6.0	0	4,760
% Change from 2003-05	3.9%	0.0%	6.6%

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.

2005-07 Omnibus Operating Budget
WA State Health Care Authority
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	274.0	0	553,420
2005-07 Maintenance Level	272.7	0	616,562
Policy Changes:			
1. Flexible Spending Accounts #	1.5	0	346
2. Public Employees Program Support	0.0	0	500
3. Middle Management Reduction	-3.7	0	-412
4. Community Clinic savings	0.0	0	-5,000
5. Review Evidence-Based Purchasing	0.0	0	221
6. Prescription Purchasing Consortium#	2.0	0	391
7. Small Business Assist Program #	3.3	0	630
8. General Inflation	0.0	0	-170
9. Ins Eligibility/Acctg Syst Upgrade	1.5	0	7,922
10. Medicare Modernization Act Impacts#	2.3	0	479
11. Enhance UMP Clinical & Provider Mgm	3.0	0	570
12. Certificate of Need Program	0.0	0	250
13. Dental Residency Program	0.0	0	750
14. Non-subsidized BHP Program	3.0	0	403
15. Prescription Drug reimportation	1.0	0	477
16. Discontinue "Pharmacy Connections"	0.0	0	-750
Total Policy Changes	13.8	0	6,607
Total 2005-07 Biennium	286.5	0	623,169
Difference from 2003-05	12.6	0	69,749
% Change from 2003-05	4.4%	0.0%	12.6%

Comments:

1. Flexible Spending Accounts # - Funding is provided to extend the availability of flexible spending accounts to general government state employees. The administrative cost of the program will be paid for by state agencies according to the degree of participation of their employees. The Health Care Authority will administer the program and bill agencies directly for their participation. (Health Care Authority Administration Account-State)

2. Public Employees Program Support - Funding is provided to enable the HCA to collect different employee insurance benefits funding rates from Public Employees' Benefits Board participating employers. (Health Care Authority Administration Account-State)

3. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

4. Community Clinic savings - The level of grant funding for community clinic support statewide is reduced by \$5.0 million. (Health Services Account-State)

5. Review Evidence-Based Purchasing - Funding is provided for the Agency Medical Directors' Group to conduct a pilot project to improve the member agencies capability to obtain and evaluate scientific evidence regarding new health care procedures, services, and technology. Participating agencies are: the Health Care Authority, DSHS' Medical Assistance Administration, the Department of Labor and Industries, the Department of Corrections, and the Department of Veterans' Affairs. The cost of the project is split among the agencies based on their proportion of state health expenditures. (Health Care Authority Administrative Account-State)

**2005-07 Omnibus Operating Budget
WA State Health Care Authority**

- 6. Prescription Purchasing Consortium#** - As provided in House Bill 1219, the Health Care Authority will organize a drug purchasing consortium that will include state agencies and any private organization or uninsured state resident that chooses to join. Building upon state government's current evidence-based preferred drug list, the consortium will utilize the combined purchasing power of consortium members to leverage discounted prices from drug manufacturers. State funds are provided to cover the initial costs of designing and organizing the consortium. Ongoing operating costs are to be covered by enrollment fees charged to consortium participants. (Health Services Account-State, Drug Purchasing Consortium Account - Non-Appropriated)
- 7. Small Business Assist Program #** - As provided by House Bill 2069, the Small Business Assistance and the Premium Assistance programs are established. The Small Business Assistance program offers a health care coverage option through Basic Health's (BH) program to employees and dependents of small employers if the employer has not provided health care coverage for at least six months at the time of application. The employer will pay the plan rate plus the state premium tax and administrative costs. In addition, the Premium Assistance program will offer a subsidy to eligible employees of small employers, to help pay their member premiums when they enroll in their employer's health plan. (Health Services Account-State)
- 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. Ins Eligibility/Acctg Syst Upgrade** - Funding is provided to begin acquisition and implementation of a replacement benefit administration and insurance accounting system to support current and future business requirements. (General Fund-Federal, Health Care Authority Administrative Account-State, Health Services Account-State)
- 10. Medicare Modernization Act Impacts#** - Funding is provided to implement the administrative changes required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This includes incorporating changes in the federal act relating to the new prescription drug benefit, "Medicare Part D," and offering incentives to employers who currently provide prescription drug coverage benefits to retirees to continue offering the retiree benefits. (Health Care Authority Administrative Account-State)
- 11. Enhance UMP Clinical & Provider Mgm** - Funding is provided for the Uniform Medical Plan (UMP) to enhance clinical and provider management activities in the following ways: 1) by establishing an integrated database to coordinate, track, and document complaints and coverage issues such as appeals, prior authorizations and other clinical decisions; 2) by expanding pilot projects to reward health care providers who deliver cost-effective care; and 3) by enhancing provider reimbursement systems to control costs and ensure appropriate payment levels for additional types of medical services. (Health Care Authority Administrative Account-State)
- 12. Certificate of Need Program** - Funding is provided pursuant to Engrossed Substitute House Bill 1688 (certificate of need program) for a task force to study and make recommendations to the Governor and the Legislature on improving the Certificate of Need program, which requires the Department of Health to permit construction or change of a health care facility. (Health Services Account-State)
- 13. Dental Residency Program** - Funding is provided for Substitute House Bill 1689 (dental health services), which permits additional exemption from dental licensure for a residency program. This allows dental resident students to practice in a community health clinic that serves predominantly low income patients or is located in an area of the state with a dental care health professional shortage. (Health Services Account-State)
- 14. Non-subsidized BHP Program** - Funding is provided to implement Engrossed Substitute House Bill 2060 (state purchased health care). The bill modifies the Basic Health non-subsidized program to require applicants to complete the Washington High Risk Insurance Pool standard health questionnaire as a condition of enrollment. (Health Services Account-State)
- 15. Prescription Drug reimportation** - Funding is provided to implement House Bill 1194 (prescription drug reimportation), relating to the importation of FDA-approved prescription drugs from Canada for personal use, and for use by state agencies administering state-purchased health care programs. (Health Services Account-State)

**2005-07 Omnibus Operating Budget
WA State Health Care Authority**

16. Discontinue "Pharmacy Connections" - Drug manufacturers, in coordination with a number of local patient assistance groups, have undertaken "Rx Help for Washington" to assist low-income people in applying for manufacturer drug discount programs for which they may be eligible. Consequently, state funding for the Pharmacy Connections program, which provides similar information and assistance, can be discontinued. (Health Services Account-State)

2005-07 Omnibus Operating Budget
Human Rights Commission
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	47.7	4,795	6,455
2005-07 Maintenance Level	47.7	5,109	6,786
Policy Changes:			
1. General Inflation	0.0	-14	-19
2. Expansion of Jurisdiction (HB 1515)	0.0	152	152
3. Staff Training	0.0	23	23
Total Policy Changes	0.0	161	156
Total 2005-07 Biennium	47.7	5,270	6,942
Difference from 2003-05	0.0	475	487
% Change from 2003-05	0.0%	9.9%	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. Expansion of Jurisdiction (HB 1515) - Funding is provided for the implementation of House Bill 1515 (expansion of human rights commission jurisdiction). If this bill is not enacted by June 30, 2005, the funding lapses.

3. Staff Training - Funding is provided for staff training in civil service reform and to enhance employee performance.

2005-07 Omnibus Operating Budget
Bd of Industrial Insurance Appeals
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	159.1	0	30,385
2005-07 Maintenance Level	159.1	0	32,017
Policy Changes:			
1. Middle Management Reduction	-0.7	0	-78
2. General Inflation	0.0	0	-130
Total Policy Changes	-0.7	0	-208
Total 2005-07 Biennium	158.4	0	31,809
Difference from 2003-05	-0.7	0	1,424
% Change from 2003-05	-0.6%	0.0%	4.7%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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.

2005-07 Omnibus Operating Budget
Criminal Justice Training Comm
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	36.8	0	18,814
2005-07 Maintenance Level	38.2	0	19,081
Policy Changes:			
1. Vendor Rate Increase	0.0	0	36
2. General Inflation	0.0	0	-156
3. Course Reimbursement	0.0	0	300
4. Firearms Certificate Program	0.0	0	88
5. Small Police Agencies Task Force	0.0	0	100
6. Incident-Based Reporting Software	0.0	0	205
7. Sex Offender Website Equipment	0.0	0	30
Total Policy Changes	0.0	0	603
Total 2005-07 Biennium	38.2	0	19,684
Difference from 2003-05	1.4	0	870
% Change from 2003-05	2.7%	0.0%	4.6%

Comments:

1. Vendor Rate Increase - Funding is provided for an inflationary vendor rate increase for the Washington Association of Sheriffs and Police Chiefs (WASPC) and the food services vendor at the Criminal Justice Training Center. The increased funding level is sufficient for an increase of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006, consistent with increases provided to most state vendors. (Public Safety and Education 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. (Public Safety and Education Account-State)

3. Course Reimbursement - Funding is provided for training courses to law enforcement personnel. Expenditures will be offset by course reimbursements recorded as revenue. (Public Safety and Education Account-State)

4. Firearms Certificate Program - Funding is provided for staff and materials for a firearms certification program for security guards, which will be offset by an equivalent increase in fee revenues. Currently, the fees charged by the Criminal Justice Training Commission do not recover the costs incurred by the agency in administering the firearms certificate program, as is required by RCW 43.101.260. The Commission is authorized to raise its fees in excess of the Initiative 601 limit to recover actual expenditures. (Public Safety and Education Account-State)

5. Small Police Agencies Task Force - Funding is provided for support of the Coalition of Small Police Agencies Major Crimes Task Force. The purpose of this task force is to pool its resources and to establish an efficient and cooperative approach in addressing major violent crimes. (Public Safety and Education Account-State)

6. Incident-Based Reporting Software - One-time funding is provided for WASPC to purchase a program to allow better crime data sharing between law enforcement agencies. WASPC intends to purchase an off-the-shelf National Incident Based Reporting System (NIBRS) program and data converter to support its current system. The converter allows agencies with incompatible records management to transfer information. NIBRS includes complex and specific crime information allowing the identification of common crimes, similar suspects, and victim information across jurisdictions to prevent and solve crimes. (Public Safety and Education Account-State)

**2005-07 Omnibus Operating Budget
Criminal Justice Training Comm**

7. Sex Offender Website Equipment - One-time funding is provided for the WASPC to purchase two new servers and associated licenses to maintain the Sex Offender Information Center (SOIC) on its website. The SOIC was authorized and funded by the Legislature in 2003, and provides web-based information to the public on registered sex offenders living in their area. (Public Safety and Education Account-State)

2005-07 Omnibus Operating Budget
Department of Labor and Industries
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	2,607.6	12,146	477,501
2005-07 Maintenance Level	2,615.9	13,146	479,695
Policy Changes:			
1. Middle Management Reduction	-16.6	-39	-1,809
2. Mandatory Caseload Adjustments	0.0	0	4,867
3. General Inflation	0.0	-31	-1,332
4. Other Fund Adjustments	0.0	1,105	0
5. Cholinesterase Worker Training	0.0	0	200
6. Indust Insur Injury Rpt (HB 1918)	1.3	0	550
7. Electrical Trainees (HB 1841)	1.1	0	134
8. Industrial Insur Benefits (HB 1732)	0.0	0	3,906
9. Older Mobile Homes (SHB 1393)	1.0	194	194
10. Medical Bill Paying - Self Insurers	1.0	0	142
11. Online Reporting & Customer Access	16.4	0	12,804
12. Self Insur Electronic Reporting *	2.0	0	1,399
13. Critical Safety and Health Data	1.0	0	1,727
14. Protect Wrkrs from Chemical Hazards	0.0	0	0
15. COHE: Center of Occupational Health	0.0	0	441
16. Medical Provider Fraud and Abuse	4.5	0	2,531
17. Fraud Detection and Targeted Action	11.0	0	2,671
18. Retrospective Refund Study	0.0	0	250
Total Policy Changes	22.7	1,229	28,675
Total 2005-07 Biennium	2,638.6	14,375	508,370
Difference from 2003-05	31.0	2,229	30,869
% Change from 2003-05	1.2%	18.4%	6.5%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. Mandatory Caseload Adjustments - Funding is provided for increased Crime Victims Compensation medical expenses. Sexual assault forensic exams are funded at worker's compensation rates; in-patient hospitalization at general assistance-unemployable (GAU); and all other medical at DSHS/Medicaid rates. (PSEA-State, PSEA-Federal)

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. Other Fund Adjustments - Funding is provided for Phase II of the agency's response to a State Auditor's finding to change the way Labor and Industries charges various funding sources for the costs of providing "indirect" or administrative costs such as personnel, payroll, accounting, budget, information services, legal services, etc.

5. Cholinesterase Worker Training - Funding is provided to the Washington State Department of Agriculture for the Cholinesterase Worker Training Program. (Accident Account)

**2005-07 Omnibus Operating Budget
Department of Labor and Industries**

6. Indust Insur Injury Rpt (HB 1918) - Funding is provided to implement a Joint Legislative Audit and Review Committee recommendation regarding industrial insurance injuries pursuant to Substitute House Bill No. 1918 (implementing a recommendation of the joint legislative audit and review committee with regard to industrial insurance). If legislation is not enacted by June 30, 2005, the funding lapses. (Medical Aid Account; Accident Account)

7. Electrical Trainees (HB 1841) - Funding is provided for the implementation of Substitute House Bill No. 1841 (electrical trainees). If legislation is not enacted by June 30, 2005, the funding lapses. (Electrical License Account)

8. Industrial Insur Benefits (HB 1732) - Funding is provided for the implementation of Substitute House Bill No. 1732 (industrial insurance benefits). If legislation is not enacted by June 30, 2005, the funding lapses. (Accident Account; Supplemental Pension Account)

9. Older Mobile Homes (SHB 1393) - Funding is provided for the implementation of Substitute House Bill No. 1393 (older mobile homes). If legislation is not enacted by June 30, 2005, the funding lapses.

10. Medical Bill Paying - Self Insurers - Funding is provided to add a position for to audit the of medical bill paying systems of self-insurers. (Medical Aid Account, Accident Account)

11. Online Reporting & Customer Access - Funding is provided for L&I to complete phase II of the online reporting and customer access project (ORCA). Efficiencies gained from the ORCA package are recognized by reducing 13 FTEs, salary, and benefits after the online reporting and customer access system becomes fully operational in March 2007. (Accident Account-State, Medical Aid Account-State)

12. Self Insur Electronic Reporting * - Funding is provided for the implementation of Substitute House Bill No. 1310 (Workers' Comp Reporting). If legislation is not enacted by June 30, 2005, the funding lapses. (Accident Fund-State, Medical Aid Account-State)

13. Critical Safety and Health Data - Funding is provided for improvements to the workplace safety data system (known as WIN.) This system consolidates several computer systems, increases data availability, and provides additional protection from system failure. (Accident Account-State, Medical Aid Account-State)

14. Protect Wrkrs from Chemical Hazards - Current protections for workers from chemical hazards will be accomplished by shifting funding for six L&I staff from the Worker and Community Right-To-Know Account (RTK) to the Accident and Medical Aid accounts. At the current rate of usage, the RTK fund will run out of money within the first quarter of next biennium. The fees that support the account are at the statutory maximum. To maintain current service level, current appropriation level, and to ensure that WISHA activities and performances remain stable, funds normally appropriated from the RTK account will instead be appropriated from the Accident and Medical accounts for the 2005-07 Biennium and beyond. (Worker and Community Right-to-Know Account, Accident Account, Medical Aid Account)

15. COHE: Center of Occupational Health - Additional contract dollars will expand the services provided to injured workers through the Centers of Occupational Health and Education (COHEs) in Spokane and Renton. In addition, two new areas of the state will be given the opportunity to begin the formation of their own COHEs. One hundred additional doctors will be trained in current medical treatments for injured workers and how to advocate for the return-to-work options for 2,100 injured workers. Fifty additional partner employers and 10 additional unions also will benefit from training. Services will be expanded to 12 additional counties near Spokane. Thirty to sixty hours of specialized workshops will be provided to doctors and nurses. (Medical Aid Account-State)

16. Medical Provider Fraud and Abuse - Funding is provided for investigating medical provider fraud by increasing the number of medical bill audits and physician peer reviews. Five additional audit staff will be hired to do audits of medical provider bills each year, prepare the peer reviews, and contract with outside firms to do peer review and medical provider bill audits. Four additional physician peer reviews will be performed annually. (Medical Aid Account-State)

2005-07 Omnibus Operating Budget
Department of Labor and Industries

17. Fraud Detection and Targeted Action - Funding is provided for six FTEs, at mid-salary step, to investigate the underground electrical and construction industry and five FTEs to investigate worker fraud and abuse. Attorney General services will be contracted for anticipated increases in legal assistance. (Electrical License Account-State, Accident Account-State, Medical Aid Account-State)

18. Retrospective Refund Study - One-time funding is provided to conduct a study of the retrospective rating program. (Accident Account; Medical Aid Account)

2005-07 Omnibus Operating Budget
Indeterminate Sentence Review Board
(Dollars in Thousands)

April 6, 2005
3:45 am

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	8.2	1,974	1,974
2005-07 Maintenance Level	9.2	2,122	2,122
Policy Changes:			
1. General Inflation	<u>0.0</u>	<u>-7</u>	<u>-7</u>
Total Policy Changes	0.0	-7	-7
Total 2005-07 Biennium	9.2	2,115	2,115
Difference from 2003-05	1.0	141	141
% Change from 2003-05	12.5%	7.1%	7.1%

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.

2005-07 Omnibus Operating Budget
Home Care Quality Authority
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	4.4	2,207	2,207
2005-07 Maintenance Level	4.0	2,749	2,749
Policy Changes:			
1. General Inflation	0.0	-3	-3
2. Referral Registry Pilot (Phase 1)	0.0	180	1,214
3. New Agreement - HCQA Costs	0.0	58	58
Total Policy Changes	0.0	235	1,269
Total 2005-07 Biennium	4.0	2,984	4,018
Difference from 2003-05	-0.4	777	1,811
% Change from 2003-05	0.0%	35.2%	82.1%

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. Referral Registry Pilot (Phase 1) - Initiative 775, which established the Home Care Quality Authority and directed the state to collectively bargain with individual providers of homecare service, also directed the Authority to establish a registry of qualified homecare workers, and a system for linking workers with people in need of their services. A total of \$700,000 was expended during the 2003-05 biennium to design and develop a computer information system for the registry. The Authority has proposed to phase in actual operations by contracting with local organizations in fourteen service delivery areas statewide. The organizations will be responsible for recruiting potential homecare providers, enrolling them in the data base, processing consumer requests for workers, and sending the consumers a list of providers who match the consumer's needs and preferences. The Authority has obtained a federal grant to pay for the local referral registry function in four service delivery areas during the first 18 months of the 2005-07 biennium (Ferry, Mason, Pend Oreille, Snohomish, Spokane, Stevens, and Thurston counties). State funds are provided to continue operations in those four areas during the last six months of the biennium. (General Fund-State, General Fund-Federal)

3. New Agreement - HCQA Costs - Funding is provided for additional expenses associated with the proposed 2005-07 collective bargaining agreement between the state and individual providers of publicly-funded home care services. The Authority will incur additional costs for safety program translation and mailings; for re-programming the referral registry to prioritize referrals for workers with seniority; and for paying individual providers for hours spent participating in the joint labor/management training committee established by the agreement.

2005-07 Omnibus Operating Budget
Department of Health
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,265.7	118,917	780,897
2005-07 Maintenance Level	1,306.0	125,408	863,528
Policy Changes:			
1. Middle Management Reduction	-18.5	-682	-2,036
2. Prescription Importation #	0.2	0	60
3. Marine Water Quality	0.0	700	1,300
4. General Inflation	0.0	-206	-1,224
5. Eastern WA Family Outreach Pilot	0.0	300	300
6. Precursor Drugs	2.4	0	474
7. Volunteer Medical Workers	0.3	0	125
8. Prescription Drug Reimportation	0.5	0	124
9. Hospital Survey Capability-18 Month	1.3	0	256
10. Integrated Licensing and Reg System	10.9	0	3,332
11. Newborn Screening Clinic	0.0	0	462
12. Public Disclosure Request Increases	0.0	0	523
13. Patient Safety Practices	0.6	0	641
14. Children's Health Collaborative	0.0	155	155
15. Nursing Resource Center	0.3	0	452
16. Stem Cell Research	0.9	323	323
17. TB Testing - MTD	2.4	580	580
18. Combination Vaccines	0.0	0	168
19. WIC Caseload & Local Agency Support	2.3	0	368
Total Policy Changes	3.4	1,170	6,383
Total 2005-07 Biennium	1,309.4	126,578	869,911
Difference from 2003-05	43.7	7,661	89,014
% Change from 2003-05	3.4%	6.4%	11.4%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. Prescription Importation # - Funding is provided to implement the provisions of Second Substitute House Bill 1316 (prescription importation) which directs the Board of Pharmacy and the Department of Health to work with the Health Care Authority to submit a waiver to the federal Food and Drug Administration to authorize Washington to license Canadian prescription drug wholesalers. (Health Professions Account-State)

3. Marine Water Quality - Funding is provided to assist the 14 local health jurisdictions with marine shorelines develop and implement management plans and data systems to assure that septic systems are properly inventoried, monitored, and maintained. (General Fund-State, Aquatic Lands Account-State)

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.

**2005-07 Omnibus Operating Budget
Department of Health**

5. Eastern WA Family Outreach Pilot - Funding is provided for an additional family planning pilot project serving Franklin, Adams, Grant, Chelan, and Douglas counties. The project will target services to low-income women and men who are not likely to qualify for Medicaid services through the Department of Social and Health Services. The pilot project shall be designed to improve family planning services for at least 500 additional people in an area of the state with a large underserved population.

6. Precursor Drugs - Funding is provided to implement the provisions of Engrossed Substitute House Bill 2266 (precursor drugs) which restricts access to certain precursor drugs used to manufacture methamphetamine by limiting the sale of products that contain ephedrine, pseudoephedrine, or phenylpropanolamine as the only active ingredient to a pharmacy. Merchants selling combination products are required to collect photo identification and have the customer sign a written log. (Health Professions Account-State)

7. Volunteer Medical Workers - Funding is provided for the Department to implement the provisions of Substitute House Bill 1850 (volunteer medical workers) which establishes a retired volunteer medical worker license for individuals assisting during an emergency or disaster. (Health Professions Account-State)

8. Prescription Drug Reimportation - Funding is provided to implement the provisions of Second Substitute House Bill 1168 (prescription reimportation) which directs the Board of Pharmacy and the Department of Health to license any Canadian pharmacy that provides prescription drugs to Washington residents. Funding is also provided to implement the provisions of House Bill 1194 (prescription drug reimportation) which requires that Canadian pharmacies participating in personal importation of drugs for individuals participating in state purchased health care programs meet Washington retail pharmacy licensing standards. (Health Professions Account-State)

9. Hospital Survey Capability-18 Month - Funding is provided to ensure that the Department of Health is able to inspect hospitals every 18 months. The Department is unable to meet the current statutory requirement that all hospitals be inspected every 12 months, despite using limited surveys for hospitals with a good history of compliance with federal, state, and private accreditation standards. Meeting the 12 month standard would require a roughly 60 percent increase in staffing and hospital licensing fees. The department has instead proposed a statutory change to require surveys every 18 months, which results in a 20 percent increase in staffing and fees. (General Fund-Private/Local)

10. Integrated Licensing and Reg System - Funding is provided for the Department to purchase an automated replacement system for licensing and disciplinary activities to regulate health providers, facilities, and services. (General Fund-Private/Local, Health Professions Account-State)

11. Newborn Screening Clinic - Funding is provided to support specialty clinical care for children who are identified with one of the five disorders added to the newborn screening panel in 2003. Increased clinic care will result in an estimated \$3.10 increase in the fee charged for newborn specialty clinic care. (General Fund-Private/Local)

12. Public Disclosure Request Increases - Funding is provided for the Department to respond more quickly to public disclosure requests. This will be accomplished by completing the conversion of case files to electronic formats to permit more rapid searches, and by adding temporary staff to eliminate the backlog in requests awaiting responses. (Health Professions Account-State)

13. Patient Safety Practices - Funding is provided to implement the provisions of Engrossed Second Substitute House Bill 1291 which enhances patient safety and medical error reduction efforts by (1) creating the Patient Safety Account from revenues associated with a \$2 surcharge on licenses for various health professions, \$2 charge per licensed bed for hospitals and psychiatric hospitals, and 1% of attorney fees for malpractice claims where the plaintiff prevails; and (2) providing grants, loans, and other arrangements that support efforts to reduce medical errors and enhance patient safety. (Patient Safety Account-State)

14. Children's Health Collaborative - Funding is provided to expand the "Kids Get Care" program operated by the Seattle-King County Health Department to one additional site. In addition, funds are provided for the Department of Health and the "Kids Get Care" program to collaborate with local health care agencies to disseminate strategic interventions that are focused on evidence-based best practices for improving health outcomes in children and saving health care expenditures. This funding will be matched by at least \$50,000 of local funding.

**2005-07 Omnibus Operating Budget
Department of Health**

15. Nursing Resource Center - Funding is provided to implement Substitute House Bill 1353 (nursing resource center) which establishes a non-profit center that will develop and implement strategies aimed at maintaining and increasing the supply of qualified nurses in the state. The center will be funded by a \$5.00 surcharge on the nursing home licensure fee. (Nursing Resource Center Account)

16. Stem Cell Research - Funding is provided for the Department to implement the provisions of Engrossed House Bill 1268 (stem cell research). The Department will provide support to the human stem cell research advisory committee which will develop guidelines for conducting research on human embryonic stem cells.

17. TB Testing - MTD - Funding is provided to increase the state public health laboratory's capacity to quickly identify suspected tuberculosis (TB) outbreaks. First, funding is provided to more routinely use Mycobacterium Tuberculosis Direct (MTD) tests, which can be completed in six hours rather than two to four weeks, improving early intervention. Second, funding is provided to conduct federally-required genotyping of TB strains, which allows for more accurate tracking, surveillance, and nationwide disease control. Finally, a full-time epidemiologist is funded to improve disease surveillance and outbreak response. (General Fund-State)

18. Combination Vaccines - Funding is provided for the department to offer parents and providers a choice between newly available combination vaccines and single antigen equivalent vaccines currently purchased by the state's immunization program. Funding is only provided for the first year of the biennium and the department will provide combination vaccines using a phased-in approach. (Health Services Account-State)

19. WIC Caseload & Local Agency Support - Federal funds are provided to fulfill state-level responsibilities associated with caseload increases in the Women, Infant and Children (WIC) nutrition program. (General Fund-Federal)

2005-07 Omnibus Operating Budget
Department of Veterans' Affairs
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	609.8	21,793	79,684
2005-07 Maintenance Level	615.9	22,877	83,510
Policy Changes:			
1. Targeted Vendor Rate	0.0	15	15
2. Medical Inflation Reduction	0.0	-338	-338
3. Middle Management Reduction	-2.9	-214	-323
4. Eastern Washington Cemetery Study	0.0	25	25
5. Outreach for Returning Veterans	0.0	25	25
6. Post Traumatic Stress Syndrome	0.0	170	170
7. General Inflation	0.0	-237	-237
Total Policy Changes	-2.9	-554	-663
Total 2005-07 Biennium	613.0	22,323	82,847
Difference from 2003-05	3.2	530	3,163
% Change from 2003-05	0.5%	2.4%	4.0%

Comments:

1. Targeted Vendor Rate - Funding is provided for an inflationary vendor rate increase of 1.2 percent on July 1, 2005, and 1.7 percent on July 1, 2006.

2. Medical Inflation Reduction - Eliminates medical inflation funding request.

3. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

4. Eastern Washington Cemetery Study - In conjunction with veterans' associations and local government officials, the Department of Veterans' Affairs will conduct a feasibility study of a veterans' cemetery in eastern Washington.

5. Outreach for Returning Veterans - Funding is provided for the development of a public service announcement outreach campaign directed at returning veterans from Operation Iraqi Freedom and Operation Enduring Freedom.

6. Post Traumatic Stress Syndrome - The post-traumatic stress counseling program is expanded to address the needs of veterans returning from Iraq and Afghanistan.

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.

2005-07 Omnibus Operating Budget
Department of Corrections
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	8,071.2	1,249,457	1,280,106
2005-07 Maintenance Level	8,131.0	1,361,098	1,392,766
Policy Changes:			
1. Offender Management Network (OMNI)	0.0	22,500	22,500
2. Interstate Comp Misd Supervision #	9.6	822	822
3. Leases, Med Inflation and Equip Red	0.0	-3,946	-3,946
4. Targeted Vendor Rate Increase	0.0	972	972
5. 12-Month Partial Confine Low Risk #	-5.4	-28,999	-28,999
6. Sent. Reduction - DNR Crew Partic #	0.0	-494	-494
7. Elim Supervision of Low Risk Misd #	-22.4	-3,006	-3,006
8. Electronic Monitoring for Violators	1.3	-2,212	-2,212
9. Middle Management Reduction	-54.1	-5,867	-5,926
10. Review Evidence-Based Purchasing	0.0	41	41
11. General Inflation	0.0	-3,986	-4,091
12. Identity Theft	1.4	591	591
13. Drug Offender Sentencing Alt	0.0	-1,663	-1,663
14. Performance Contract Reduction	0.0	-600	-600
15. Substance Abuse Treatment Funding	0.0	100	100
16. Inmate Property Shipping	0.0	-660	-660
17. Expand Correctional Industries	0.0	396	396
18. Delay Opening of New Units	-70.5	-7,385	-7,385
Total Policy Changes	-140.2	-33,396	-33,560
Total 2005-07 Biennium	7,990.9	1,327,702	1,359,206
Difference from 2003-05	-80.4	78,245	79,100
% Change from 2003-05	-1.0%	6.3%	6.2%

Comments:

1. Offender Management Network (OMNI) - Beginning in the 1999-01 biennium, the Department of Corrections (DOC) initiated a multi-phase project designed to replace its Offender-Based Tracking System (OBTS), which is the primary information system used by the Department to track and manage roughly 17,000 incarcerated offenders and 28,000 offenders in the community. Funding is provided for the third phase of the project to replace OBTS with the new Offender Management Network Information (OMNI) system, which is expected to reduce staff data entry efforts, improve reporting capabilities, and redirect staff time towards offender supervision. The total cost of the OMNI project has been estimated at \$58 million.

2. Interstate Comp Misd Supervision # - Funding is provided for the implementation of Substitute House Bill 1402 (offender travel and transfer), which authorizes the Department to supervise misdemeanants transferring to Washington pursuant to rules promulgated by the Interstate Commission for Adult Offender Supervision. As a result of participating in the Interstate Compact for Adult Offender Supervision, offenders who move to another member state receive community supervision. In exchange, Washington receives notification of out-of-state offenders who need supervision and move into the state. It is assumed that about 200 out-of-state misdemeanants will need to be supervised by the Department during the 2005-07 biennium. The measure also authorizes DOC to serve as a clearinghouse for felony and nonfelony offenders transferring in and out of the state.

3. Leases, Med Inflation and Equip Red - Funding for lease, medical inflation, and equipment increases is eliminated.

**2005-07 Omnibus Operating Budget
Department of Corrections**

4. Targeted Vendor Rate Increase - Funding is provided for contracted work-release facilities, chemical dependency treatment providers, and educational services providers to receive an inflationary vendor rate increase of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006.

5. 12-Month Partial Confine Low Risk # - Savings are achieved in accordance with House Bill 2016 (drug offender confinement), which expands the definition of "partial confinement" to include residential drug treatment and authorizes DOC to place offenders in partial confinement for up to the last 12 months of their sentence. Current law allows for partial confinement up to six months of qualifying offender sentences.

6. Sent. Reduction - DNR Crew Partic # - Savings are achieved in accordance with House Bill 2200 (earned release time), which allows a 30-day sentence reduction for offenders who successfully complete all of the training and testing associated with Department of Natural Resources fire work crews, and who maintain six months' continuous employment during their final 12 months of incarceration. These changes are expected to result in a reduction of 10 prison beds.

7. Elim Supervision of Low Risk Misd # - Savings are achieved in accordance with Substitute Senate Bill 5256 (misdemeanors), which applies the same supervision criteria to offenders convicted of misdemeanors and gross misdemeanors as are currently applied to persons convicted of felonies. Chapter 379, Laws of 2003 (ESSB 5990), relieved the Department of Corrections of supervision responsibilities for certain low- to moderate-risk felons, but did not change statutory requirements to supervise misdemeanants sentenced in Superior Court. These changes are expected to result in the elimination of community supervision for an average 2,523 low- to moderate-risk misdemeanants during the 2005-07 biennium.

8. Electronic Monitoring for Violators - Savings are assumed in conjunction with the enactment of House Bill 1136 (electronic monitoring system), as amended by the Senate, which would create a one-year pilot project using electronic monitoring in lieu of jail or prison sanction time when a low-risk offender violates the terms of their community supervision. The one-time savings assumes that 100 low-risk offenders per day will be on electronic monitoring rather than incarcerated.

9. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

10. Review Evidence-Based Purchasing - Funding is provided for the Agency Medical Directors' Group (AMDG) conduct a pilot to improve the member agencies capability to obtain and evaluate scientific evidence regarding evolving health care procedures, services, and technology. Participating agencies include the Health Care Authority, Department of Social and Health Services Medical Assistance Administration, Department of Labor and Industries, Department of Corrections, and Department of Veterans' Affairs. The cost of the project is split among the agencies, based on the proportion of state health expenditures.

11. 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.

12. Identity Theft - Funding is provided for the implementation of House Bill 1966 (identity theft), which classifies identity theft as a crime against a person and reduces the amount of early release time such offenders may earn from 50 percent to 33 percent of the sentence imposed. Additionally, an average of 35 offenders sentenced for identity theft will now be subject to community supervision by virtue of being convicted of a crime against a person.

13. Drug Offender Sentencing Alt - Savings are achieved in accordance with Second Substitute House Bill 2015 (substance abuse treatment), which modifies the Drug Offender Sentencing Alternative (DOSA) by establishing a community-based DOSA that allows nonviolent offenders with substance abuse addictions to be sentenced to community custody along with supervised inpatient and outpatient treatment in lieu of being sentenced to prison.

**2005-07 Omnibus Operating Budget
Department of Corrections**

14. Performance Contract Reduction - Funding for the interlocal agreement between DOC and Peninsula College for the establishment of a Performance Institute is reduced. The Performance Institute provides the Department with internal consultation and designs, develops, implements, monitors, and evaluates DOC staff and organizational performance initiatives and products. Funding for instructional support and curriculum design and development is preserved.

15. Substance Abuse Treatment Funding - DOC receives federal funds through the Department of Community, Trade and Economic Development for a Residential Substance Abuse Treatment (RSAT) grant. It is expected that the amount of RSAT funding available to DOC will be reduced. Funding of \$100,000 is provided to backfill the expected loss in federal funding and retain the current program service level.

16. Inmate Property Shipping - Recently, the state Supreme Court, in *Burton et al. v. Lehman*, held that the Department's policy of only transporting two boxes of inmate property free of charge, when an offender transfers from one location to another, violated a state statute that required the DOC to deliver an offender's property to them when they are released from the confines of an institution as a result of being paroled, transferred, or discharged. This ruling was expected to increase property shipment costs to the Department.

Funding is reduced in accordance with House Bill 2282 (transporting offender property), which authorizes the DOC to determine the types and amounts of offender property that the Department will transport between institutions or to other jurisdictions at the agency's expense.

17. Expand Correctional Industries - Funding is provided to purchase equipment necessary to expand Class II Correctional Industries and maintain overall offender employment levels. Improvements at the Monroe Correctional Complex will result in the consolidation of laundry services and increase production at the facility print shop. Other equipment purchases will expand and maintain industries at the Pine Lodge Corrections Center, Stafford Creek Corrections Center, and State Penitentiary.

18. Delay Opening of New Units - A new 892-bed complex is scheduled to open in April 2007 at the Washington State Penitentiary in Walla Walla. The opening of the new facility includes many one-time costs and the hiring of over 500 new staff. The opening of this facility is deferred until the 2007-09 biennium, providing for one-time savings in staffing- and inmate-related costs. The staffing for this facility will be delayed until May 2007.

2005-07 Omnibus Operating Budget
Dept of Services for the Blind
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	67.6	3,554	19,790
2005-07 Maintenance Level	67.6	3,719	20,489
Policy Changes:			
1. Middle Management Reduction	-0.8	-16	-88
2. General Inflation	0.0	-9	-55
3. Caseworker Ratio & Service Costs	0.5	76	360
Total Policy Changes	-0.3	51	217
Total 2005-07 Biennium	67.3	3,770	20,706
Difference from 2003-05	-0.3	216	916
% Change from 2003-05	-1.5%	6.1%	4.6%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Caseworker Ratio & Service Costs - Funding is provided for (1) the addition of one vocational rehabilitation counselor in FY 2007; and (2) increased case service costs.

2005-07 Omnibus Operating Budget
Sentencing Guidelines Commission
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	10.5	1,491	1,491
2005-07 Maintenance Level	10.4	1,676	1,676
Policy Changes:			
1. General Inflation	0.0	-8	-8
2. Fiscal Note Simulation Software	0.0	13	13
Total Policy Changes	0.0	5	5
Total 2005-07 Biennium	10.4	1,681	1,681
Difference from 2003-05	-0.1	190	190
% Change from 2003-05	0.0%	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. Fiscal Note Simulation Software - One-time funding is provided for an agency request item to improve the Commission's ability to produce caseload impact projections necessary for the development of fiscal notes on criminal justice legislation. The Sentencing Guidelines Commission prepares fiscal impact statements on sentencing legislation that impacts institutional caseloads in county jails and state prisons.

2005-07 Omnibus Operating Budget
Department of Employment Security
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	2,181.5	0	538,687
2005-07 Maintenance Level	2,186.0	0	521,648
Policy Changes:			
1. Middle Management Reduction	-17.3	0	-1,898
2. General Inflation	0.0	0	-1,367
3. State Choice - UI Functions	0.0	0	0
4. Readiness for Active Directory	0.0	0	2,087
5. Reduce State Choice Functions	-25.0	0	-4,578
6. Port Jobs Program	2.0	120	120
Total Policy Changes	-40.3	120	-5,636
Total 2005-07 Biennium	2,145.7	120	516,012
Difference from 2003-05	-35.8	120	-22,675
% Change from 2003-05	-1.6%	0.0%	-4.2%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-Federal, General Fund-Private/Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Administrative 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-Federal, General Fund-Private/Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Administrative Account-State)

3. State Choice - UI Functions - \$12.7 million in Reed Act funds are provided on a one-time basis to cover the cost of non-federally mandated unemployment insurance functions previously funded by federal unemployment insurance administrative funds. These items may no longer be covered using federal unemployment funds due to reductions in amounts received by Washington state. (General Fund-Federal)

4. Readiness for Active Directory - Reed Act funds will be used for a one-time investment to replace and upgrade desktop personal computers and laptops and to purchase information technology infrastructure components. (General Fund-Federal)

5. Reduce State Choice Functions - Reed Act funds that were provided on a one-time basis in the fiscal year 2003-05 operating budget for claimant services and job search review are removed from the Employment Security Department's ongoing budget. (Unemployment Compensation Administration Account-Federal)

6. Port Jobs Program - Funding is provided for two FTEs to assist first generation immigrants find employment through the Port Jobs Program at the Port of Seattle.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Children and Family Services
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	2,379.2	452,516	899,560
2005-07 Maintenance Level	2,390.4	484,469	933,509
Policy Changes:			
1. Homecare Worker Wages	0.0	419	827
2. Eliminate Secure Crisis Residential	-0.8	0	-9,344
3. Lease, Med. Inflation and Equip Red	0.0	-632	-922
4. Targeted Vendor Rate Increase	0.0	5,613	8,473
5. Middle Management Reduction	-9.4	-697	-1,037
6. General Inflation	0.0	-460	-1,056
7. FTE Staff Adjustment	-3.0	0	0
8. VOCA Transfer to CTED	0.0	0	-14,642
9. Kids Come First, Phase II	106.4	8,500	12,057
10. Enhanced Child Welfare Services	0.0	5,800	8,286
11. Adoption Grant Enhancement	0.0	0	357
12. IT Infrastructure Needs	5.5	5,282	8,803
13. Children's Advocacy Centers	0.0	60	60
14. Guardianship of Children (2030)	0.0	-465	0
15. Education Coordinators	0.0	1,300	1,300
Total Policy Changes	98.7	24,720	13,162
Total 2005-07 Biennium	2,489.1	509,189	946,671
Difference from 2003-05	110.0	56,673	47,111
% Change from 2003-05	4.6%	12.5%	5.2%

Comments:

1. Homecare Worker Wages - In accordance with RCW 74.39A.300, the Governor must submit, as a part of the proposed biennial operating budget submitted to the Legislature, a request for funds necessary to implement compensation and fringe benefits provisions of collective bargaining agreements negotiated between the Governor and the exclusive bargaining representative of individual providers of home care services. This year, the negotiation process went into interest arbitration. Funding is provided for the purposes of implementing the interest arbitration award. The arbitration settlement award increases the wages of individual providers from \$8.93 per hour to \$9.20 per hour in FY 2006, and to an average of \$9.45 per hour in FY 2007. It also provides state contributions for health care coverage, vision, and dental benefits that will average \$506 per eligible worker per month in the 2005-07 biennium and paid vacation leave for every 50 hours worked in FY 2007. The funding for the arbitration award includes the Office of Financial Management, Home Care Quality Authority, and the Department of Social and Health Services' (DSHS) Children and Family Services, Developmental Disabilities, Aging and Adult Services, and Administration and Supporting Services Programs. (General Fund-State, General Fund-Federal)

2. Eliminate Secure Crisis Residential - Funding is eliminated for the state's 66 contracted secure crisis residential center slots. These high cost resources are consistently underutilized throughout the state. Funding remains for the state's 52 semi-secure crisis residential center slots. (Public Safety and Education Account-State)

3. Lease, Med. Inflation and Equip Red - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Children and Family Services

4. Targeted Vendor Rate Increase - Funding is provided for a vendor rate increase of 1 percent on July 1, 2005, and 1 percent on July 1, 2006. (General Fund-State, General Fund-Federal, Public Safety and Education Account-State, Violence Reduction and Drug Enforcement Account-State)

5. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

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

7. FTE Staff Adjustment - DSHS will centralize its background check FTE staff in the Background Checks Central Unit.

8. VOCA Transfer to CTED - The Governor reassigned administration of the Victims of Crime Act (VOCA) grant from the Department of Social and Health Services (DSHS) to the Department of Community, Trade and Economic Development (CTED) on April 1, 2004. This package transfers expenditure authority from DSHS to CTED in accordance with this reassignment. (General Fund-Federal)

9. Kids Come First, Phase II - Funding is provided for comprehensive reform of the child protective services and child welfare services system. Social workers will transfer cases to child welfare services (CWS) social workers within 75 days. CWS workers will then enter into voluntary agreements with families and will visit families at least once every 30 days. Early and more intensive engagement of families in voluntary services is expected to assist in preventing the removal of children from their homes and to reduce the recidivism of families in the child welfare system. Child welfare workers will be required to have 30 day face-to-face contact with children, parents and caregivers. Expected outcomes include improved placement stability and more timely achievement of permanence. The addition of these staff will also allow child protective services social workers to transfer cases earlier. Funding is provided for additional child protective services investigators to improve response time in out-of-home investigations. These comprehensive reform efforts are expected to support the goals of the state's Program Improvement Plan, the Braam Lawsuit settlement, and improve the safety of children in out-of-home care, as well as address issues raised in recent fatality reviews. (General Fund-State, General Fund-Federal)

10. Enhanced Child Welfare Services - Funds are provided for service enhancements to improve outcomes for children and families. (General Fund-State, General Fund-Federal)

11. Adoption Grant Enhancement - Funding was awarded to the Children's Administration for meeting adoption goals. This one-time adoption incentive award must be expended for allowable costs for the federal Adoption Incentive Payments program. (General Fund-Federal)

12. IT Infrastructure Needs - Funding is provided to design, develop, and implement a replacement State Automated Child Welfare Information System to replace the aging Case and Management Information System. Amounts provided assume that development will begin July 1, 2006. (General Fund-State, General Fund-Federal)

13. Children's Advocacy Centers - Children's advocacy centers facilitate a multi-disciplinary approach toward the investigation and prosecution of child abuse allegations. Funding in the amount of \$60,000 per year is provided for the children's advocacy center in Grays Harbor.

14. Guardianship of Children (2030) - Additional federal funding authority is provided and state funds are reduced due to the implementation of House Bill 2030 (guardianship of children). (General Fund-State, General Fund-Federal)

15. Education Coordinators - Funding is provided for contracted education coordinators to assist foster children succeed in the K12 and higher education systems.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Juvenile Rehabilitation
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,124.2	146,812	199,174
2005-07 Maintenance Level	1,132.0	154,482	205,025
Policy Changes:			
1. Lease, Med. Inflation and Equip Red	0.0	-1,675	-1,675
2. Targeted Vendor Rate Increase	0.0	628	1,045
3. Middle Management Reduction	-4.9	-470	-540
4. General Inflation	0.0	-318	-318
5. FTE Staff Adjustment	-0.1	0	0
6. Consolidated Juv Svcs Utilization	0.0	-533	-951
7. Reinvesting in Youth Program	0.0	0	997
Total Policy Changes	-5.0	-2,368	-1,442
Total 2005-07 Biennium	1,127.0	152,114	203,583
Difference from 2003-05	2.8	5,302	4,409
% Change from 2003-05	0.3%	3.6%	2.2%

Comments:

1. Lease, Med. Inflation and Equip Red - Funding for lease increases, medical inflation, and equipment replacement costs are eliminated.

2. Targeted Vendor Rate Increase - Funding is provided for an inflationary vendor rate increase of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. (General Fund-State, General Fund-Federal, Violence Reduction and Drug Enforcement Account-State)

3. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, Juvenile Accountability Incentive Account-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. FTE Staff Adjustment - DSHS will centralize its background check FTE staff in the Background Checks Central Unit.

6. Consolidated Juv Svcs Utilization - Funding to local counties for the Consolidated Juvenile Services (CJS) contract is reduced by 2.5 percent to more closely reflect actual expenditures on this program. During the first eight months of FY 2005, total Juvenile Rehabilitation Administration expenditures on the CJS program have been 5.5 percent below budgeted levels. The CJS program is a partnership between the state, county juvenile courts, and the private sector. Funded programs provide services to at-risk youth at the local level as well as to juvenile offenders adjudicated under the Special Sex Offender Disposition Alternative, Chemical Dependency Disposition Alternative, Suspended Disposition Alternative, and Mental Health Disposition Alternative. (General Fund-State, Violence Reduction and Drug Enforcement Account-State)

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Dept of Social and Health Services
Juvenile Rehabilitation

7. Reinvesting in Youth Program - Funding is provided to implement Second Substitute House Bill 1483 (reinvesting in youth), which establishes a reinvesting in youth program that awards grants to counties for implementing research-based early intervention services that target juvenile justice involved youth and reduce crime. The Washington State Institute for Public Policy has identified several programs that, if properly implemented, are likely to reduce taxpayer and other costs in the future. During the 2005-07 biennium, a pilot program consisting of three counties or groups of counties will test methods for reinvesting state savings that result from local investments in evidence-based services for juvenile justice involved youth. Effective July 1, 2007, all counties will be eligible to participate in the program. (Reinvesting in Youth Account-State)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Mental Health
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	3,051.1	663,067	1,254,828
2005-07 Maintenance Level	3,182.6	731,154	1,324,826
Policy Changes:			
1. Lease, Med. Inflation and Equip Red	0.0	-4,512	-6,053
2. Targeted Vendor Rate Increase	0.0	6,942	11,501
3. Middle Management Reduction	-12.7	-1,120	-1,488
4. Children's Medical Premiums	0.0	358	716
5. Eligibility Reviews	0.0	2,001	4,002
6. General Inflation	0.0	-970	-1,270
7. FTE Staff Adjustment	-0.2	0	0
8. CLIP Rate Adjustment	0.0	1,350	2,698
9. Community Psych Hospital Rate Adj	0.0	6,497	6,625
10. Transition Treatment for Children	1.0	1,075	1,816
11. Non-Medicaid Services-Community	0.0	65,400	-12,200
12. State Hospital Forensic Services	59.0	6,951	8,869
13. Pharmacy Staffing	4.0	753	984
14. Evaluation and Treatment	0.0	539	539
15. Chemical Dependency Trtmt Expansion	0.0	-4,150	-8,301
16. Personal Needs Allowance Increase	0.0	38	50
17. Regional Support Network RFP (1290)	1.0	150	190
18. Transfer Mitigation Funding	0.0	0	0
19. Efficiencies in Ancillary Costs	0.0	-550	-550
20. Adjust Mitigation Funding-SCTF	0.0	-510	-510
Total Policy Changes	52.1	80,242	7,618
Total 2005-07 Biennium	3,234.7	811,396	1,332,444
Difference from 2003-05	183.6	148,329	77,616
% Change from 2003-05	6.0%	22.4%	6.2%

Comments:

1. Lease, Med. Inflation and Equip Red - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Private/Local, General Fund-Federal)

2. Targeted Vendor Rate Increase - In order to meet federal Medicaid requirements, the Mental Health Division will adopt a new set of federally-approved, actuarially-sound rate ranges for Medicaid managed care payments for community mental health services, effective July 1, 2005. Because those rate ranges are not yet available, it is not known whether the rates currently anticipated to be in effect during the FY 2005-07 biennium will fall within the rate bounds and, therefore, whether funds provided for Medicaid community mental health services will be sufficient to ensure compliance in each of the four managed care rate categories and across all regional support networks. In the event that amounts provided are insufficient to comply with the new rate ranges, this vendor rate increase shall be selectively applied to those rate areas which are out of compliance. Any remaining amounts will be applied uniformly across rate categories and regional support networks. (General Fund-State, General Fund-Federal)

3. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Mental Health

4. Children's Medical Premiums - Funding is provided to continue to provide premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately \$1,900 - \$2,600 per month for a family of three. Families within that income range would pay monthly premiums of \$10 per child, up to a maximum of \$30 per family, beginning in July 2005. (General Fund-State, General Fund-Federal)

5. Eligibility Reviews - Additional funding is provided for the Department to: (1) restore annual eligibility verification for children's and family medical coverage; and (2) once eligible, allow clients to maintain coverage for a full year regardless of income changes during the eligibility period that make the child ineligible for coverage. The changes are expected to result in approximately 25,000 more children remaining on the medical assistance caseload per month by the end of FY 2007. (General Fund-State, General Fund-Federal)

6. 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)

7. FTE Staff Adjustment - DSHS will centralize background check staff in the Background Checks Central Unit in central administration.

8. CLIP Rate Adjustment - Payment rates for the Children's Long-Term Inpatient Program (CLIP) residential treatment facilities are increased by 25 percent. The CLIP facilities provide inpatient treatment for children with severe psychiatric impairments who cannot be adequately served in less restrictive settings. (General Fund-State, General Fund-Federal)

9. Community Psych Hospital Rate Adj - The number of community hospital beds available for short-term, emergency treatment of persons committed under the Involuntary Treatment Act (ITA) decreased 12 percent between 2000 and 2004. The budget provides funding to increase the non-Medicaid payment rate to \$400 per day for treatment of medically indigent patients in hospitals that accept ITA patients. This is an approximately 40 percent increase in the non-Medicaid payment rate for such hospitals. No increase is provided for hospitals that do not accept ITA patients, or whose base non-Medicaid payment rate exceeds \$400 per day. In addition, the Medicaid payment rate is to be increased to a minimum of \$550 per day for free-standing psychiatric hospitals that accept ITA patients. (General Fund-State, General Fund-Federal)

10. Transition Treatment for Children - Funding is provided to implement an evidence-based model under which children with intensive therapeutic needs will be served in foster homes that receive special funding, training, and support. The model will serve 18 children per month, with foster homes clustered in three geographic areas that presently have few or no other children's long-term treatment options. Every attempt is to be made to keep children in or close to their home community, as support and reintegration into their natural or adoptive family is a central goal of model implementation. Availability of this model is expected to provide opportunities for diversions and transitions from more expensive and intensive placements, such as community hospitals and children's long-term inpatient facilities. (General Fund State, General Fund-Federal)

11. Non-Medicaid Services-Community - Under new federal rules and policies, the state's community mental health system is no longer able to use savings achieved through Medicaid managed care for people who, and services that, are not otherwise eligible for Medicaid. The budget provides state revenues to replace 85% of the lost federal funding. Two-thirds of "non-Medicaid" community mental health funding is expended on crisis and commitment, community hospitalization, and residential care for people with acute or chronic mental illness. The rest is spent on limited outpatient care, medications, and medication monitoring for over 25,000 children and adults, most of whom have very low incomes and serious mental impairments, but who cannot, or have not yet, qualified for Medicaid. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Mental Health

12. State Hospital Forensic Services - Funding is provided for additional psychiatrists and psychologists to conduct outpatient evaluations of competency to stand trial and to open an additional legal offender ("forensic") ward at Western State Hospital. The state psychiatric hospitals are legally responsible for evaluating competency to stand trial, for providing treatment to restore competency for defendants judged incompetent for trial, and for providing supervision and ongoing treatment for defendants found not guilty by reason of insanity. Steady increases in the demand for these services has exceeded the hospitals' capacity to complete required evaluations within acceptable timeframes. The additional state hospital ward is needed to comply with federal court rulings that competency restoration must begin within a week of judicial order. The additional outpatient evaluators will reduce the time defendants are in jail awaiting evaluation and treatment, and will reduce the need for inpatient evaluations at the state hospitals, allowing that resource to be used for the more severely impaired citizens in need of treatment. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

13. Pharmacy Staffing - Funding is provided so that pharmacy services can be available at Eastern and Western State Hospitals during evening and weekend hours. This will prevent delays in filling medication orders and maintain compliance with hospital accreditation standards. (General Fund-State, General Fund-Private/Local, General Fund-Federal)

14. Evaluation and Treatment - Funding is provided for one-time start-up costs of two evaluation and treatment facilities, which will provide community-based alternatives for persons experiencing a psychiatric emergency that would otherwise require inpatient treatment in a community or state hospital bed. The start-up funding will cover staff recruitment, training, and organizational costs prior to initiation of direct client services. Funding for ongoing program operations will come from existing funds that would otherwise be expended upon short-term treatment in state or community hospitals.

15. Chemical Dependency Trtmt Expansion - Alcohol and drug treatment service levels are increased for adult SSI-related aged, blind, and disabled and General Assistance-Unemployable clients with chemical dependency problems. Funding is provided in the DSHS Division of Alcohol and Substance Abuse budget to more than double the amount of treatment provided each year. The expansion of the program will be phased in over the biennium so that, by the end of FY 2006, 40 percent of individuals assessed to be in need of treatment receive it and, by the end of FY 2007, 60 percent penetration of clients in need of treatment receive it. Based on the results of a 2002 cost offset study by the DSHS Research and Data Analysis Division, and with additional input from the Joint Legislative Audit and Review Committee, the budget assumes that the substance abuse treatment expansion will result in cost offsets in medical assistance, mental health, and long-term care of \$24.9 million in General Fund-State and \$22.4 million in General Fund-Federal during the FY 2005-07 biennium due to reduced utilization of nursing homes, state hospitals, and medical services. (General Fund-State, General Fund-Federal)

16. Personal Needs Allowance Increase - Funding is provided to increase the personal needs allowance from \$41.62 per month to \$51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)

17. Regional Support Network RFP (1290) - Funds are provided for the Mental Health Division to implement the competitive bid process for the selection of regional support networks required by House Bill 1290 (community mental health). If this bill is not implemented by July 1, 2005, these amounts shall lapse. (General Fund-State, General Fund-Federal)

18. Transfer Mitigation Funding - Funding to compensate the City of Lakewood for the additional police work associated with the presence of Western State Hospital is transferred from the Special Commitment Center to the Western State Hospital budget.

19. Efficiencies in Ancillary Costs - Funding is reduced to reflect amounts for utility increases and some minor repairs related to Special Commitment Center facility costs on McNeil Island. Funding is also eliminated for three new FTEs that provide non-medical, non-clinical services, such as resident store management and custodial services. The agency added these FTEs in FY 2005 prior to receiving sufficient legislative appropriation. The agency will need to cover these positions and facility expenses by finding efficiencies that do not affect services for residents.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Mental Health

20. Adjust Mitigation Funding-SCTF - Funding is adjusted for Pierce County and some Pierce County cities. Funding for law enforcement training has been provided since FY 2001 as mitigation for the siting of a Secure Community Transition Facility on McNeil Island. This funding was not intended to be ongoing mitigation, and training has already been provided for several years. Further, in the last two years, the Department has not been able to expend all of the funds due to an insufficient number of contracts with local governments. (\$45,000 per year in funding for the City of Lakewood for police services to Western State Hospital is maintained in the Mental Health Division, as this is an ongoing expense.)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Developmental Disabilities
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	3,362.8	680,987	1,323,530
2005-07 Maintenance Level	3,310.1	733,020	1,394,358
Policy Changes:			
1. Homecare Worker Wages	0.0	10,055	19,847
2. Homecare Agency Rate Increase	0.0	635	1,235
3. Lease, Med. Inflation and Equip Red	0.0	-1,556	-3,011
4. Targeted Vendor Rate Increase	0.0	6,166	11,205
5. Middle Management Reduction	-8.0	-552	-881
6. General Inflation	0.0	-564	-1,237
7. FTE Staff Adjustment	-1.0	0	0
8. Case Management Support	13.8	1,187	2,374
9. Community Protection	0.4	2,138	4,276
10. Basic/Basic Plus Waiver Growth	1.5	-500	500
11. Personal Needs Allowance Increase	0.0	120	240
12. Flexible Family Funding	3.0	2,900	2,900
13. Licensed Professional Services	0.0	100	100
14. RHC Efficiencies	0.0	-1,680	-3,360
15. Administrative Rate Standardization	0.0	2,000	4,000
16. Expand Community Services	0.3	2,700	5,400
17. Expand Employment and Day Services	0.5	2,889	4,108
18. State Supplemental Payment Transfer	0.0	3,109	3,109
Total Policy Changes	10.5	29,147	50,805
Total 2005-07 Biennium	3,320.6	762,167	1,445,163
Difference from 2003-05	-42.2	81,180	121,633
% Change from 2003-05	-1.2%	11.9%	9.2%

Comments:

1. Homecare Worker Wages - In accordance with RCW 74.39A.300, the Governor must submit, as a part of the proposed biennial operating budget submitted to the Legislature, a request for funds necessary to implement compensation and fringe benefit provisions of collective bargaining agreements negotiated between the Governor and the exclusive bargaining representative of individual providers of home care services. This year, the negotiation process went into interest arbitration. Funding is provided for the purposes of implementing the interest arbitration award. The arbitration settlement award: increases the wages of individual providers from \$8.93 per hour to \$9.20 per hour in FY 2006, and to an average of \$9.45 per hour in FY 2007; provides state contributions for health care coverage, vision, and dental benefits that will average \$506 per eligible worker per month in the 2005-07 biennium; and provides paid vacation leave for every 50 hours worked in FY 2007. The funding for the arbitration award includes the Office of Financial Management, Home Care Quality Authority, and the Department of Social and Health Services' (DSHS) Children and Family Services, Developmental Disabilities, Aging and Adult Services, and Administration and Supporting Services Programs. (General Fund State, General Fund Federal)

2. Homecare Agency Rate Increase - Funding is provided to increase payments to agency providers of home care services so that compensation for direct care workers employed by home care agencies will receive the same rate increase provided to individual home care workers. (General Fund-State, General Fund-Federal)

3. Lease, Med. Inflation and Equip Red - Eliminates lease, medical inflation, and equipment funding requests.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Developmental Disabilities

4. Targeted Vendor Rate Increase - Funding is provided for an inflationary vendor rate increase of 1.0 percent on July 1, 2005, and an additional 1.0 percent on July 1, 2006. This increase applies to residential care, family support, professional services, employment and day programs, voluntary foster care placement and other community programs. Based on the results of the Department's rate standardization study, agency supportive living providers that receive administrative payments above the median payment will not receive an inflationary increase and instead those funds will be directed to providers whose administrative payments fall below the median. (General Fund-State, General Fund-Federal)

5. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

6. 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.

7. FTE Staff Adjustment - DSHS will centralize its background check FTE staff in the Background Checks Central Unit.

8. Case Management Support - Funding is provided for the Department to develop an integrated case management information system, which will provide case resource managers with a single source of information about client needs and resources. The system will integrate the functions of assessment, care planning, case monitoring, incident reporting, and quality assurance, and will link to systems in other departments. Additional case resource managers are also funded to ensure that the department can assess all clients in a timely and consistent manner. (General Fund-State, General Fund-Federal)

9. Community Protection - Funding is provided for expanded community services for 35 clients who are: (1) being diverted or discharged from state psychiatric hospitals; (2) participants in the Dangerous Mentally Ill Offender program; (3) participants in the Community Protection program; or (4) mental health crisis diversion outplacements. In order to increase the number of clients served and ensure the cost-effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds, provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)

10. Basic/Basic Plus Waiver Growth - Additional waiver slots are prioritized for clients who are currently receiving state-only funded services and who could benefit from the service package offered on the Basic or Basic Plus waiver. The services that these clients are currently receiving through state-only funds are at a level that exceeds the normal purpose or average cost of that particular service, and would be more cost-effective to provide through a home and community-based waiver program. To the extent that the Department saves state funds in excess of those budgeted, additional clients may be served provided the total projected carry-forward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)

11. Personal Needs Allowance Increase - Funding is provided to increase the personal needs allowance from \$41.62 per month to \$51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)

12. Flexible Family Funding - Funding is provided for a pilot program that provides flexible family support funds to families who are providing care and support for family members with developmental disabilities. The funds are targeted to families who have a documented need for services, are not currently receiving services from the Division of Developmental Disabilities, and have gross household income at or below 400 percent of poverty (\$64,360 per year for a family of three). Priority will be given to individuals in crisis or at immediate risk of needing institutional services; individuals who transition from high school without employment or day program opportunities; individuals cared for by a single parent; and individuals with multiple disabilities. Awards will be made as one-time awards or on a renewable basis and can be used to purchase support services such as respite care, training and counseling, assistive technologies, and transition services, as well as assistance with extraordinary household expenses. It is anticipated that approximately 1,500 families will receive assistance as a result of this funding.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Developmental Disabilities

13. Licensed Professional Services - Funding is provided for the Department 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.

14. RHC Efficiencies - During the last two biennia, occupancy in the residential habilitation centers (RHCs) has decreased, while staffing levels have remained relatively constant. It is anticipated that savings can be achieved by reducing staff and other expenditures at the institutions to be more reflective of the current census and minimum national standards and/or federal requirements. (General Fund-State, General Fund-Federal)

15. Administrative Rate Standardization - Funding is provided to increase administrative rates paid to supported living agency providers who are currently receiving payments less than the standardized rate recently developed by the Department. Providers who are receiving payments above the standard will be held at their current rate and will not receive an inflationary increase on the administrative portion of their rate. (General Fund-State, General Fund-Federal)

16. Expand Community Services - Funding is provided for community residential and support services for a minimum of 45 clients. Priority consideration for these placements shall be as follows: (1) clients without residential services who are in crisis or immediate risk of needing an institutional placement; (2) current waiver clients who have been assessed as having an immediate need for residential services or increased support services; (3) children who require an out-of-home placement because of the intense level of support required to care for them in the home; and (4) children aging out of other services. In order to increase the number of clients served and ensure the cost-effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)

17. Expand Employment and Day Services - Funding is provided for employment and day services to approximately 600 clients with developmental disabilities. Priority consideration for this new on-going funding will be young adults with developmental disabilities living with their families who need employment opportunities and assistance after high school graduation. Services will be provided for both home- and community-based waiver program clients and non-waiver clients. Federal funds may be used to enhance this funding for clients already receiving services from a home- and community-based waiver program. (General Fund-State, General Fund-Federal)

18. State Supplemental Payment Transfer - The Division of Developmental Disabilities has identified additional allowable expenditures that can qualify for State Supplemental Payments. Funds are transferred from the Economic Services Administration to the Division of Developmental Disabilities.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Long-Term Care
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,123.5	1,117,673	2,343,212
2005-07 Maintenance Level	1,161.9	1,203,170	2,468,906
Policy Changes:			
1. Homecare Worker Wages	0.0	16,719	33,006
2. Homecare Worker Tax Withholding	2.0	152	294
3. Nursing Home Rate Changes	0.0	4,470	8,906
4. Homecare Agency Rate Increase	0.0	4,308	8,606
5. Lease, Med. Inflation and Equip Red	0.0	-111	-217
6. Targeted Vendor Rate Increase	0.0	5,227	9,929
7. Long Term Care Financing Task Frc #	0.0	199	397
8. Middle Management Reduction	-12.1	-866	-1,329
9. Estate Recovery	0.0	-4,600	-9,200
10. General Inflation	0.0	-180	-398
11. Respite Compensation Increase	0.0	0	352
12. Specialized Dementia Care Program	3.0	101	202
13. Chemical Dependency Trtmt Expansion	0.0	-4,343	-8,686
14. Personal Needs Allowance Increase	0.0	1,232	2,456
15. Reduce AAA Funding	0.0	-2,828	-5,656
16. Kinship Navigator Program	0.0	300	300
17. Farmers Market Nutrition	0.0	682	682
Total Policy Changes	-7.1	20,462	39,644
Total 2005-07 Biennium	1,154.9	1,223,632	2,508,550
Difference from 2003-05	31.4	105,959	165,338
% Change from 2003-05	2.8%	9.5%	7.1%

Comments:

1. Homecare Worker Wages - In accordance with RCW 74.39A.300, the Governor must submit, as a part of the proposed biennial operating budget submitted to the Legislature, a request for funds necessary to implement compensation and fringe benefits provisions of collective bargaining agreements negotiated between the Governor and the exclusive bargaining representative of individual providers of home care services. This year, the negotiation process went into interest arbitration. Funding is provided for the purposes of implementing the interest arbitration award. The arbitration settlement award increases the wages of individual providers from \$8.93 per hour to \$9.20 per hour in FY 2006, and to an average \$9.45 per hour in FY 2007; provides state contributions for health care coverage, vision, and dental benefits that will average \$506 per eligible worker per month in the 2005-07 biennium; and provides paid vacation leave for every 50 hours worked in FY 2007. The funding for the arbitration award includes the Office of Financial Management, Home Care Quality Authority, and the Department of Social and Health Services' (DSHS) Children and Family Services, Developmental Disabilities, Aging and Adult Services, and Administration and Supporting Services Programs. (General Fund State, General Fund Federal)

2. Homecare Worker Tax Withholding - In accordance with the interest arbitration award for individual providers of home care services, DSHS will be responsible for withholding federal income taxes from payments to individuals who contract with the state to provide such services. Staffing is provided for the Aging and Disability Services Administration to coordinate accurate and timely submission of federal tax withholding forms by the 22,000 individual providers affected by this change. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Long-Term Care

3. Nursing Home Rate Changes - Nursing home rates are modified by eliminating the case-mix corridor floor and removing the 85 percent minimum facility occupancy requirements for calculating direct care payments. With these changes, the weighted average nursing facility payment is expected to be \$150.55 per patient day in FY 2006 and \$153.17 per patient day in FY 2007, an average annual increase of 2.5 percent from FY 2005 projected rates. (General Fund-State, General Fund-Federal)

4. Homecare Agency Rate Increase - Funding is provided to increase payments to agency providers of home care services so that direct care workers employed by home care agencies will receive the same rate increase provided to individual home care workers. (General Fund-State, General Fund-Federal)

5. Lease, Med. Inflation and Equip Red - Funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement is removed. (General Fund-State, General Fund-Federal)

6. Targeted Vendor Rate Increase - Funding is provided for long-term care service providers to receive an inflationary vendor rate increase of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. These increases apply to adult family homes, assisted living facilities, and other community residential facilities; to adult day health and private duty nursing providers; and to the homecare agency administrative rate. Nursing facilities and Area Agencies on Aging are excluded from these increases. (General Fund-State, General Fund-Federal)

7. Long Term Care Financing Task Frc # - In accordance with Second Substitute House Bill 1220 (long-term care financing), funding is provided to the Department of Social and Health Services to contract for professional services to support the work of the Joint Legislative and Executive Task Force on Long-Term Care Financing and Chronic Care Management. (General Fund-State, General Fund-Federal)

8. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, General Fund-Local)

9. Estate Recovery - The capacity of DSHS to recover long-term care and medical assistance costs from the estates of deceased clients who received such services is expanded. Resources are provided to the Office of Financial Recovery to initiate probate proceedings and for improved client death notifications. Additional savings are achieved in accordance with Substitute House Bill 2304 (medical assistance debts), which authorizes DSHS to file a request for notice of transfer or encumbrance on the real property of a medical assistance recipient; expands the statute of limitations on enforcement of liens to recover medical assistance payments from six years to 20 years; and directs DSHS to place liens on the property of clients who receive medical assistance or long-term care services prior to their death, if their condition is such that they are unlikely to be discharged from a medical institution or return home. (General Fund-State, General Fund-Federal)

10. 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)

11. Respite Compensation Increase - Additional federal Family Caregiver Support funding is expected to be available to fund a rate increase to respite care services programs equivalent to the 2004 and 2005 rate increases for agency providers of home care services. (General Fund-Federal)

12. Specialized Dementia Care Program - Funding is provided to expand the number of boarding homes that receive exceptional care rates for persons with Alzheimer's disease and related dementias who might otherwise require nursing home care. The Department may expand the number of licensed boarding home facilities that specialize in caring for such conditions by up to 85 beds in fiscal year 2006 and up to 150 beds in FY 2007. These additional boarding home placements are expected to delay resident placements into nursing facilities. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Long-Term Care

13. Chemical Dependency Trtmt Expansion - Alcohol and drug treatment service levels are increased for adults with co-occurring, but chemically dependent-related problems. This expansion is expected to result in reduced medical assistance and long-term care expenditures sufficient to offset a portion of the cost of the treatment expansion. (General Fund-State, General Fund-Federal)

14. Personal Needs Allowance Increase - Funding is provided to increase the personal needs allowance from \$41.62 per month to \$51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)

15. Reduce AAA Funding - State funding for Area Agencies on Aging (AAAs) is reduced by approximately 7.5 percent, beginning July 1, 2005. The state contracts with the AAAs to provide case management and nurse oversight for persons who receive in-home care services. (General Fund-State, General Fund-Federal)

16. Kinship Navigator Program - Funding is provided for AAAs, or entities with which AAAs contract, to provide kinship navigator services to grandparents and other kinship caregivers of children. Kinship navigator services shall include, but not be limited to, assisting kinship caregivers with understanding and navigating the system of services for children in out-of-home care while reducing barriers faced by kinship caregivers when accessing services. In providing kinship navigator services, AAAs will give priority to helping kinship caregivers maintain their caregiving role by helping them access existing services and supports, thus keeping children from entering foster care.

17. Farmers Market Nutrition - Funding is provided for AAAs to maintain 2004 participation levels in the Senior Farmer's Market Nutrition Program. This state funding will replace lost AAA and other funds that were available on a one-time basis, so that lower income seniors will be able to continue to participate in the program.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Economic Services Administration
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	4,500.4	888,399	2,133,588
2005-07 Maintenance Level	4,497.1	953,006	2,233,113
Policy Changes:			
1. Lease, Med. Inflation and Equip Red	0.0	-1,203	-1,848
2. Targeted Vendor Rate Increase	0.0	9,673	9,973
3. Improve GA-U Client Outcomes	0.0	-18,010	-18,010
4. Middle Management Reduction	-14.2	-1,014	-1,559
5. Children's Medical Premiums	-20.9	-1,902	-3,396
6. Eligibility Reviews	-36.2	-2,127	-4,075
7. Children's Health Program	21.0	3,473	3,473
8. General Inflation	0.0	-2,008	-8,100
9. FTE Staff Adjustment	-5.6	0	0
10. Replace TANF MOE Funds	0.0	15,000	15,000
11. Predictive Dialer Project	0.0	-105	-132
12. Naturalization Services	0.0	1,000	1,000
13. LEP Services Enhancement	0.0	1,500	1,500
14. State Supplemental Payment Transfer	0.0	-3,109	-3,109
Total Policy Changes	-55.9	1,168	-9,283
Total 2005-07 Biennium	4,441.2	954,174	2,223,830
Difference from 2003-05	-59.2	65,775	90,242
% Change from 2003-05	-1.3%	7.4%	4.2%

Comments:

1. Lease, Med. Inflation and Equip Red - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

2. Targeted Vendor Rate Increase - Funding is provided for a vendor rate increase of 1 percent on July 1, 2005, and 1 percent on July 1, 2006. This increase applies to family child care and child care centers, other client services and services provided for child support enforcement by local government. (General Fund-State, General Fund-Federal)

3. Improve GA-U Client Outcomes - Within funds provided to the Economic Services Administration for the General Assistance-Unemployable (GA-U) program, the Department will improve employment outcomes for GA-U clients with short-term disabilities. Savings will result from a reduced length of stay on the GA-U program for those clients receiving targeted services. Strategies which may be used include increased: (1) naturalization efforts; (2) coordination with other systems (social security and veteran's); (3) managed care GA-U medical services; (4) mental health, vocational rehabilitation and employment support; and (5) new short-term medication-only transitional assistance for individuals who are able to obtain employment but need consistent access to medication to remain employable.

4. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Economic Services Administration

5. Children's Medical Premiums - Funding is provided to continue to provide premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately \$1,900 - \$2,600 per month for a family of three. Families within that income range would pay monthly premiums of \$10 per child, up to a maximum of \$30 per family, beginning in July 2005. (General Fund-State, General Fund-Federal)

6. Eligibility Reviews - Additional funding is provided for the Department to: (1) restore annual eligibility verification for children's and family medical coverage; and (2) once eligible, allow clients to maintain coverage for a full year regardless of income changes during the eligibility period that make the child ineligible for coverage. The changes are expected to result in approximately 25,000 children remaining on the medical assistance caseload by the end of FY 2007. (General Fund-State, General Fund-Federal)

7. Children's Health Program - Funding is provided for health care coverage for undocumented children whose families have incomes below 100 percent of the federal poverty level. The "state-only" program that provided medical and dental coverage was eliminated in October 2002 and enrollment was offered through the Basic Health program. It is anticipated that 8,750 children will be provided health care coverage through this program by the end of the biennium. The Department will manage enrollment to keep program expenditures at or below the appropriated level.

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. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

9. FTE Staff Adjustment - Staff responsible for conducting background checks are transferred to a central unit.

10. Replace TANF MOE Funds - \$7.5 million from the state general fund is provided in FY 2006 and FY 2007 to meet federally required Temporary Assistance for Needy Families (TANF) maintenance of effort (MOE) requirements.

11. Predictive Dialer Project - Funding is provided to the Division of Child Support to purchase a predictive dialer system, which will interface with the telephone and the Support Enforcement Management System mainframe. Savings reflects the estimated growth in collections that would result from the automated system. (General Fund-State, General Fund-Federal)

12. Naturalization Services - Funds are provided to increase naturalization services, with priority for services given to clients of the General Assistance-Unemployable and General Assistance-Aged programs who are candidates for naturalization.

13. LEP Services Enhancement - \$1.5 million is provided for programs that serve individuals with limited English proficiency (LEP). This amount will supplement existing state and federal funds in the Economic Services Administration's base budget which are dedicated to LEP services.

14. State Supplemental Payment Transfer - The Division of Developmental Disabilities has identified additional allowable expenditures for SSP funds. These funds are transferred to that program.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Alcohol & Substance Abuse
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	97.3	81,332	236,227
2005-07 Maintenance Level	98.4	83,086	244,284
Policy Changes:			
1. Problem Gambling	0.0	0	1,500
2. Lease, Med. Inflation and Equip Red	0.0	-20	-24
3. Targeted Vendor Rate Increase	0.0	1,399	3,433
4. Middle Management Reduction	-4.3	-366	-469
5. General Inflation	0.0	-112	-262
6. Chemical Dependency Trtmt Expansion	3.0	18,788	29,282
7. Expand Alcohol/Drug Trtmt for Youth	0.0	5,045	6,726
8. Rate Increase for Residential	0.0	2,000	2,000
9. Safe Mother/Babies Sustainable Fund	0.0	1,760	3,200
Total Policy Changes	-1.3	28,494	45,386
Total 2005-07 Biennium	97.1	111,580	289,670
Difference from 2003-05	-0.2	30,248	53,443
% Change from 2003-05	0.0%	37.2%	22.6%

Comments:

1. Problem Gambling - Appropriation authority is provided to resume and expand the Department's program to prevent and treat problem and pathological gambling. House Bill 1031 (problem gambling) creates the Problem Gambling Treatment Account and funds treatment services with revenues from taxes on private-sector gambling revenue and a set-aside of Lottery proceeds. If the bill is not enacted by June 30, 2005, this amount shall lapse. (Problem Gambling Treatment Account-State)

2. Lease, Med. Inflation and Equip Red - The Department is expected to achieve efficiencies sufficient to offset actual and anticipated increases in leases, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

3. Targeted Vendor Rate Increase - Funding is provided for a vendor rate increase of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. (General Fund-State, General Fund-Federal, Public Safety and Education Account-State, Violence Reduction and Drug Enforcement Account-State)

4. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

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. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Alcohol & Substance Abuse

6. Chemical Dependency Trtmt Expansion - Alcohol and drug treatment service levels are increased for adult SSI-related aged, blind, and disabled and General Assistance-Unemployable clients with chemical dependency problems. Funding is provided in the DSHS Division of Alcohol and Substance Abuse budget to more than double the amount of treatment provided each year. The expansion of the program will be phased in over the biennium so that, by the end of FY 2006, 40 percent of individuals assessed to be in need of treatment receive it and, by the end of FY 2007, 60 percent penetration of clients in need of treatment receive it. Based on the results of a 2002 cost offset study by the DSHS Research and Data Analysis Division, and with additional input from the Joint Legislative Audit and Review Committee, the budget assumes that the substance abuse treatment expansion will result in cost offsets in medical assistance, mental health, and long-term care of \$24.9 million in General Fund-State and \$22.4 million in General Fund-Federal during the FY 2005-07 biennium due to reduced utilization of nursing homes, state hospitals, and medical services. (General Fund-State, General Fund-Federal)

7. Expand Alcohol/Drug Trtmt for Youth - In addition to the expansion in services to adults above, funding is provided for substance abuse treatment to serve an additional 1000 youth per year who are under 200 percent of the federal poverty level. (General Fund-State, General Fund-Federal)

8. Rate Increase for Residential - Funding is provided for supplemental vendor rate increases to residential chemical dependency treatment providers.

9. Safe Mother/Babies Sustainable Fund - The Safe Babies/Safe Moms program is for Medicaid-eligible pregnant and parenting women identified as "at serious risk for, or currently using" alcohol or substances. A women may be enrolled during pregnancy or anytime before her youngest child turns three years old. Funding is added to the Division of Alcohol and Substance Abuse budget to continue providing this service. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Medical Assistance Payments
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,028.6	2,368,690	7,262,631
2005-07 Maintenance Level	1,088.2	3,040,470	8,032,071
Policy Changes:			
1. Targeted Vendor Rate Increase	0.0	32,101	70,078
2. Middle Management Reduction	-17.9	-745	-1,970
3. Estate Recovery	0.0	-1,150	-2,300
4. Children's Medical Premiums	0.0	0	22,702
5. Eligibility Reviews	0.0	0	66,241
6. Children's Health Program	2.3	9,405	10,293
7. Increase Trauma Payments	0.0	0	1,000
8. Hospital Payment Study	0.0	225	450
9. Review Evidence-Based Purchases	0.0	206	413
10. Expand Drug Cost Management	1.0	-6,507	-12,571
11. Patients Requiring Review	8.0	-5,334	-10,668
12. MAA Forecast	0.0	0	323
13. General Inflation	0.0	-612	-4,064
14. FTE Staff Adjustment	-0.1	0	0
15. Non-Medicaid Services-Community	0.0	4,600	0
16. Chemical Dependency Trtmt Expansion	0.0	-16,386	-30,330
17. IGT Design	0.0	31,137	-335,144
18. Medical Nutrition Scope of Coverage	3.0	-2,584	-5,167
19. School Ad-Match	-2.0	-123	-18,244
20. MAA Relocation	0.0	594	1,188
21. Medical Equipment Cost Management	0.0	-4,179	-8,354
22. Newborn Screening Clinic	0.0	100	200
23. Drug Co-Pay	0.0	-8,159	-14,937
24. Transportation Co-Pay	0.0	-5,367	-10,734
Total Policy Changes	-5.7	27,222	-281,595
Total 2005-07 Biennium	1,082.5	3,067,692	7,750,476
Difference from 2003-05	53.9	699,002	487,845
% Change from 2003-05	5.2%	29.5%	6.7%

Comments:

1. Targeted Vendor Rate Increase - Funding is provided for an inflationary vendor rate increase of 1.0 percent on July 1, 2005, and an additional 1.0 percent on July 1, 2006, for medical assistance providers, except hospitals and family practice physicians in rural areas who will receive targeted increases. Hospitals will receive a 1.5 percent increase on July 1, 2005, and an additional 1.5 percent on July 1, 2006. In addition to the standard vendor rate increase of 1.0 percent, family practice physicians will receive a \$294 increase to the labor and delivery case rate in FY 2006 which will increase to \$619 in FY 2007. (General Fund-State, Health Services Account-State, General Fund-Federal)

2. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Medical Assistance Payments

3. Estate Recovery - The capacity of the Office of Financial Recoveries to collect revenue from the estates of Medicaid-eligible clients is expanded. Resources are provided to initiate probate proceedings, to improve notification of a client's death, and for the ability to place Tax Equity and Fiscal Responsibility Act (TEFRA) liens on the property of clients whose condition is such that discharge is not possible. This item results in a net savings in both state and federal funds. (General Fund-State, General Fund-Federal)

4. Children's Medical Premiums - Funding is provided to continue to provide premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately \$1,900 - \$2,600 per month for a family of three. Families within that income range would pay monthly premiums of \$10 per child, up to a maximum of \$30 per family, beginning in July 2005. (Health Services Account-State, General Fund-Federal)

5. Eligibility Reviews - Additional funding is provided for the Department to: (1) restore annual eligibility verification for children's and family medical coverage; and (2) once eligible, allow clients to maintain coverage for a full year regardless of income changes during the eligibility period that make the child ineligible for coverage. The changes are expected to result in approximately 25,000 children remaining on the caseload by the end of FY 2007. (General Fund-Federal, Health Services Account-State)

6. Children's Health Program - Funding is provided for health care coverage for undocumented children whose families have incomes below 100 percent of the federal poverty level. The "state-only" program that provided medical and dental coverage was eliminated in October 2002 and enrollment was offered through the Basic Health program. It is anticipated that 8,750 children will be provided health care coverage through this program by the end of the biennium. The Department will manage enrollment to keep program expenditures at or below the appropriated level. (General Fund-State, General Fund-Federal)

7. Increase Trauma Payments - Based on current revenue projections in the Emergency Medical Services and Trauma Care Systems Trust Account, funding is provided for additional trauma payments during the 2005-07 biennium. (General Fund-Federal, Emergency Medical Services and Trauma Care Systems Trust Account-State)

8. Hospital Payment Study - Funding is provided for an independent evaluation of the state's current system for setting Medicaid inpatient payment rates, and its strengths and weaknesses in comparison to systems used by other state, federal, and private payers. The Department is directed to report the results of the study to the Governor and Legislature by November 2006, together with recommendations for a new or updated system that will promote equity among hospitals; access to quality care and improved health outcomes for patients; and cost control and efficiency for taxpayers. (General Fund-State, General Fund-Federal)

9. Review Evidence-Based Purchases - Funding is provided for the Agency Medical Directors' Group to implement a pilot project to coordinate and strengthen state agency efforts to obtain and evaluate scientific evidence on new health care procedures, services, and technology. The pilot will allow agencies to coordinate their evaluations and will support additional progress in the area of evidence-based health purchasing. Participating agencies are the Health Care Authority, the Department of Social and Health Services' Medical Assistance Administration, the Department of Labor and Industries, the Department of Corrections, and the Department of Veterans' Affairs. (General Fund-State, General Fund-Federal)

10. Expand Drug Cost Management - The Medical Assistance Administration will achieve savings by establishing a preferred drug in approximately 30 additional therapeutic classes. The preferred drug will be the least costly, equally effective drug identified through clinical evidence reviews conducted by a contracted pharmacy benefits management firm. The contracted firm will also negotiate discounts with manufacturers of more costly drugs for their inclusion on the preferred drug list. (General Fund-State, General Fund-Federal, Health Services Account-State)

11. Patients Requiring Review - Savings are achieved by controlling over-utilization and inappropriate use of medical services through the Patients Requiring Review program (PRR) which assigns clients to a single primary care physician, and identifies specific pharmacies and other medical providers from whom they may obtain services. Clients who have been on the PRR program have shown a 48 percent decrease in emergency room use, a 41 percent decrease in office visits, and a 29 percent decrease in the number of prescriptions purchased. The Department anticipates that by approximately tripling the number of staff assigned to the program, it can reduce unnecessary utilization by an additional 1,500 clients per month, avoiding \$5,000 of expenditures per client per year. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Medical Assistance Payments

12. MAA Forecast - Federal funds are provided to match increased state funds that are appropriated to the Office of Financial Management to increase the quality, accuracy, and timeliness of Medical Assistance budget forecasting and monitoring. The forecast, which involves approximately \$3.8 billion of state and federal expenditures per year, will be produced by the DSHS Medical Assistance Administration, with assistance and guidance from a technical work group. The work group will be chaired by the Office of Financial Management, with participation from legislative fiscal committee and DSHS staff. (General Fund-Federal)

13. 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.

14. FTE Staff Adjustment - The Department of Social and Health Services will centralize its staff performing background check work into a single background check unit.

15. Non-Medicaid Services-Community - An estimated 475 adults with serious and persistent mental illness do not qualify for federal financial participation in the cost of their medical care because they live in facilities, with more than 16 residents, that specialize in mental health treatment. State funds are provided to assure these adults continue to have access to essential medical care. (General Fund-State, General Fund-Federal)

16. Chemical Dependency Trtmt Expansion - Alcohol and drug treatment service levels are increased for adult SSI-related aged, blind, and disabled and General Assistance-Unemployable clients with chemical dependency problems. Funding is provided in the DSHS Division of Alcohol and Substance Abuse budget to more than double the amount of treatment provided each year. The expansion of the program will be phased in over the biennium so that, by the end of FY 2006, 40 percent of individuals assessed to be in need of treatment receive them and, by the end of FY 2007, 60 percent penetration of clients in need of treatment receive them. Based on the results of a 2002 cost offset study by the DSHS Research and Data Analysis Division, and with additional input from the Joint Legislative Audit and Review Committee, the budget assumes that the substance abuse treatment expansion will result in cost offsets in medical assistance, mental health, and long-term care of \$24.9 million in General Fund-State and \$22.4 million in General Fund-Federal during the FY 2005-07 biennium due to reduced utilization of nursing homes, state hospitals, and medical services. (General Fund-State, General Fund-Federal)

17. IGT Design - Under new federal policies, the state will no longer be able to use inter-governmental transfers (IGT) to collect federal Medicaid funds to cover part of the cost of care to medically indigent and other low-income populations. The administration has proposed a new methodology, subject to approval by the federal government, under which 17 larger public hospitals will use their own revenues, supplemented by approximately \$41 million per year of state grants, to cover the cost of care to Medicaid and charity care patients. As proposed by the department, the 17 hospitals will be "held harmless" from the effect of the change, retaining the same amount of public funds as if the previous payment system had continued. The net cost to the state from the change is approximately \$30 million. (General Fund-State, General Fund-Federal, General Fund-Local, Health Services Account-State)

18. Medical Nutrition Scope of Coverage - Expenditures on nutritional supplements are projected to be reduced by approximately 17 percent by adopting clear and uniform standards regarding when and for how long such supplements are medically necessary; promoting use of the least costly equally effective formulation; and prohibiting vendors from shipping and billing for annual supplies when supplements are likely to be required for only a few weeks or months. (General Fund-State, General Fund-Federal)

19. School Ad-Match - Federal spending for the Medicaid administrative activities conducted by school districts has declined as a result of new federal guidelines. This item adjusts the state and federal appropriations to reflect this program change. (General Fund-State, General Fund-Federal)

20. MAA Relocation - Funding is provided for the increased cost of leasing space in a single, co-located, more modern facility beginning January 2006. The Medical Assistance Administration is currently located in six separate buildings that are 18-25 years old and that do not have appropriate wiring and data connections to reliably and securely accommodate the new Medicaid Management Information System, without significant remodeling and improvements. The agency is directed to cover one-time moving costs and tenant improvements from funds accumulated in the department's savings incentives account, and through efficiencies in agency operations. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Medical Assistance Payments

21. Medical Equipment Cost Management - Savings are achieved by reducing the growth in expenditures on incontinence supplies, wheelchairs, special bedroom and bathroom equipment, and other medical supplies by 2 percent in FY 2006, and by an additional 7.8 percent in FY 2007. This is to be accomplished through strategies such as selective contracting, reducing rates to better reflect market prices, and more stringent reviews of the medical necessity of proposed purchases. This reduction is in addition to a 5 percent reduction that is being achieved in FY 2005 through a reduction in payment rates for incontinence supplies, and a 3 percent reduction associated with changes in medical nutrition coverage. (General Fund-State, Health Services Account-State, General Fund-Federal)

22. Newborn Screening Clinic - Funding is provided to support specialty clinical care for children who are identified with one of the five disorders added to the newborn screening panel in 2003. Increased clinic care will result in an estimated \$3.10 increase in the fee charged for the newborn specialty clinic care. This item represents the share of that cost 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)

23. Drug Co-Pay - Beginning in January 2006, medical assistance recipients will pay \$3.00 per prescription filled. Washington is one of only 14 states that do not currently require a nominal co-pay for prescription drugs, and \$3.00 is the co-pay most typically charged by the states that require them. In accordance with federal law, the co-pay will not apply to children, pregnant women, or persons enrolled in managed care. (General Fund-State, General Fund-Federal)

24. Transportation Co-Pay - Beginning July 2005, medical assistance recipients will pay \$1.00 per trip for transportation to doctors offices, dental appointments, adult day care and adult day health programs, mental health counseling, and all other non-emergency medical services. The medical assistance program pays for approximately 3.1 million such trips per year, at an average cost of about \$16.00 per trip. Since transportation is an administrative function, the co-pay can be applied to all recipients under federal Medicaid rules. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Vocational Rehabilitation
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	346.4	20,905	108,040
2005-07 Maintenance Level	348.8	21,768	111,379
Policy Changes:			
1. Lease, Med. Inflation and Equip Red	0.0	-208	-208
2. Middle Management Reduction	-1.8	-42	-201
3. General Inflation	0.0	-38	-213
4. FTE Staff Adjustment	-0.1	0	0
5. Adjust Grant Levels	0.0	691	-698
Total Policy Changes	-1.9	403	-1,320
Total 2005-07 Biennium	346.9	22,171	110,059
Difference from 2003-05	0.5	1,266	2,019
% Change from 2003-05	0.3%	6.1%	1.9%

Comments:

- 1. Lease, Med. Inflation and Equip Red** - Eliminates lease, medical inflation, and equipment funding requests.

- 2. Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

- 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. FTE Staff Adjustment** - The Department of Social and Health Services will centralize its staff performing background check work into a single background check unit.

- 5. Adjust Grant Levels** - Sufficient state funding is provided to collect the full amount of federal vocational rehabilitation funding expected to be available in 2005-07. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Administration/Support Svcs
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	641.1	67,778	127,972
2005-07 Maintenance Level	669.6	63,303	126,465
Policy Changes:			
1. Home Care Workers Administration	16.8	3,834	7,667
2. Reduce Regional Staff Support	-124.0	-5,614	-12,445
3. Eliminate Family Policy Council	-7.5	-12	-6,596
4. Lease, Med. Inflation and Equip Red	0.0	-84	-123
5. Middle Management Reduction	-21.7	-1,781	-2,386
6. Estate Recovery	8.0	651	1,303
7. Children's Medical Premiums	-7.5	-1,054	-2,108
8. General Inflation	0.0	-25	-338
9. FTE Staff Adjustment	15.6	0	0
10. Fircrest Transition Team	0.0	-1,236	-2,472
11. Government Performance (HB 1064)	1.0	109	158
12. Postpartum Depression	0.0	25	25
13. Indirect Overhead for Cap Fac	3.0	328	490
14. TeamChild	0.0	500	500
Total Policy Changes	-116.4	-4,359	-16,325
Total 2005-07 Biennium	553.3	58,944	110,140
Difference from 2003-05	-87.9	-8,834	-17,832
% Change from 2003-05	-13.7%	-13.0%	-13.9%

Comments:

1. Home Care Workers Administration - Funding is provided to implement the compensation components of the 2005-07 collective bargaining agreement between the state and the approximately 22,000 individuals who contract to provide homecare services to children and adults with disabilities. Funding is provided to pay for an arbitration award of \$1.6 million for delays in implementing dues collection and to implement the costs of making programming changes to the Social Services Payment System to implement the Home Care Workers agreement. In addition, 20 customer services FTEs will be phased-in to handle payroll inputs and questions of the 25,000 home care workers covered under the arbitration agreement. An additional \$54 million is appropriated in the Children's Administration, Developmental Disabilities Division and the Long-Term Care Administration of the Department of Social and Health Services. (General Fund State, General Fund Federal)

2. Reduce Regional Staff Support - Support staff resources for regional offices are reduced commensurate to the FTE reduction taken in DSHS Administrative and Supportive Services Program, including the Children's Administration, Developmental Disabilities, Long Term Care, and Economic Services Administration contain the bulk of regional and field staff support. (General Fund State, General Fund Federal)

3. Eliminate Family Policy Council - The Family Policy Council is eliminated. (General Fund-State, General Fund-Federal)

4. Lease, Med. Inflation and Equip Red - Eliminates lease, medical inflation, and equipment funding requests.

5. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Administration/Support Svcs

6. Estate Recovery - This item expands the capacity of the Office of Financial Recoveries to collect revenue from the estates of medicaid eligible clients. It includes resources to initiate probate proceedings, for improved notification of a client's death, and the ability to place Tax Equity and Fiscal Responsibility (TEFRA) liens on the property of clients whose condition is such that discharge is not possible. (General Fund-State, General Fund-Federal)

7. Children's Medical Premiums - The Department of Social and Health Services provides premium-free medical and dental coverage for children with family income between 150 and 200 percent of the federal poverty level, which is approximately \$1,900 to \$2,600 per month for a family of three. This reduction reflects the decrease in caseload and the number of workers who will no longer be needed to collect premiums from these families. (Health Services Account-State, General Fund-Federal)

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. FTE Staff Adjustment - The Department of Social and Health Services (DSHS) will centralize its background check FTE staff in the Background Checks Central Unit.

10. Fircrest Transition Team - This item reduces staff and other resources that were funded in the 2003-05 biennium and which were used for the downsizing of Fircrest, a residential habilitation center. Funding is provided to the Office of Financial Management for a study of options for a preferred continuum of transition for state residential habilitation centers.

11. Government Performance (HB 1064) - Funding is provided for the implementation of Engrossed Substitute House Bill No. 1064 (government performance). If legislation is not enacted by June 30, 2005, the funding lapses. (General Fund-State, General Fund-Federal)

12. Postpartum Depression - Funding is provided for the Washington council for the prevention of child abuse and neglect to conduct a public information and outreach campaign concerning the significance, signs, and treatment of postpartum depression.

13. Indirect Overhead for Cap Fac - Shift funding of indirect capital management overhead to the operating budget from the capital budget.

14. TeamChild - Funding is provided for TeamChild through the governor's juvenile justice advisory committee, of the teamchild project.

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Payments to Other Agencies
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	83,037	123,485
2005-07 Maintenance Level	0.0	91,080	135,386
Policy Changes:			
1. Estate Recovery	0.0	300	600
2. General Inflation	0.0	-63	-72
3. Office of the Attorney General	0.0	1,444	1,950
Total Policy Changes	0.0	1,681	2,478
Total 2005-07 Biennium	0.0	92,761	137,864
Difference from 2003-05	0.0	9,724	14,379
% Change from 2003-05	0.0%	11.7%	11.6%

Comments:

1. Estate Recovery - The capacity of DSHS to recover long-term care and medical assistance costs from the estates of deceased clients who received such services is expanded. Resources are provided to the Office of Financial Recovery to initiate probate proceedings and for improved notification of a client's death. Additional savings are achieved in accordance with Substitute House Bill 2304 (medical assistance debts), which authorizes DSHS to file a request for notice of transfer or encumbrance on the real property of a medical assistance recipient; expands the statute of limitations on enforcement of liens to recover medical assistance payments from six years to 20 years; and directs DSHS to place liens on the property of clients who receive medical assistance or long-term care services prior to their death, if their condition is such that they are unlikely to be discharged from a medical institution or return home. (General Fund-State, 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. Office of the Attorney General - Funding is provided for increased costs of litigation support in the Attorney General's Office for complex, protracted program litigation for the Department of Social and Health Services. (General Fund-State, General Fund-Federal)

2005-07 Omnibus Operating Budget
Dept of Social and Health Services
Information System Services
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	150.4	0	0
2005-07 Maintenance Level	150.4	627	627
Policy Changes:			
1. General Inflation	0.0	-79	-79
Total Policy Changes	0.0	-79	-79
Total 2005-07 Biennium	150.4	548	548
Difference from 2003-05	0.0	548	548
% Change from 2003-05	0.0%	0.0%	0.0%

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.

2005-07 Omnibus Operating Budget
Columbia River Gorge Commission
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	8.5	691	1,362
2005-07 Maintenance Level	8.5	790	1,490
Policy Changes:			
1. General Inflation	0.0	-2	-4
2. Citizen Services - Mediation	0.0	9	18
3. Mandatory Planning Services	2.3	138	276
Total Policy Changes	2.3	145	290
Total 2005-07 Biennium	10.8	935	1,780
Difference from 2003-05	2.3	244	418
% Change from 2003-05	37.5%	35.3%	30.7%

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. Citizen Services - Mediation - In the past decade, the Gorge Commission has reduced the cost and delay on permit decisions by offering a means other than a formal hearing to resolve conflict. Due to recent budget reductions, the Commission cannot continue to purchase mediation services. Funding is provided for six alternative dispute resolution contracts. (General Fund-State, General Fund-Private/Local)

3. Mandatory Planning Services - Funding is provided for staff to process two additional plan amendment review applications per year, update the economic development and other sections of the management plan, and complete other mandated planning requirements of the National Scenic Area Act. (General Fund-State, General Fund-Private/Local)

2005-07 Omnibus Operating Budget
Department of Ecology
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,395.6	72,261	325,068
2005-07 Maintenance Level	1,463.2	75,610	360,845
Policy Changes:			
1. Columbia River Initiative	3.0	750	750
2. Oil Spill Early Action & Prevention	4.0	0	1,630
3. Initiative 297 Implementation	7.5	0	4,879
4. US vs Washington (Culverts) Lawsuit	0.0	47	47
5. Reduce Flood Control Grants	0.0	0	-2,000
6. 2005 Emergency Drought Declaration	6.5	0	1,800
7. Middle Management Reduction	-22.5	-696	-2,473
8. General Inflation	0.0	-471	-913
9. Sustain Water Activities	0.0	0	0
10. Statewide Streamflow Gauging	3.0	454	324
11. Enhance Well Construction Program *	2.0	-300	361
12. Municipal Stormwater Permit	7.5	0	1,274
13. Water Quality Certifications	1.5	300	300
14. Beyond Waste & Business Assistance	8.2	0	3,175
15. Community Right to Know Fund Shift	0.0	0	0
16. Reduce PBTs in the Environment	5.0	0	852
17. Cleanup Toxic Sites	0.0	0	9,000
18. Enhance Voluntary Cleanups	3.0	0	270
19. Continue Marine Sediment Monitoring	0.0	0	0
20. Wetland Banking Pilot Rule	2.0	395	395
21. Water Right Mediation	0.0	176	176
22. Commercial Passenger Vessels	1.5	293	417
23. Soil Contamination	0.8	0	250
24. Shoreline Planning Grants	0.0	2,500	2,500
Total Policy Changes	32.9	3,448	23,014
Total 2005-07 Biennium	1,496.1	79,058	383,859
Difference from 2003-05	100.5	6,797	58,791
% Change from 2003-05	7.2%	9.4%	18.1%

Comments:

1. Columbia River Initiative - To meet the water needs of growing communities and their rural economies along the main stem of the Columbia River, and to do so in a manner that reduces the risk to fish resulting from water withdrawals, funding is provided to negotiate agreements to secure water for the main stem of the Columbia River and to investigate the impacts on fish from a change in the water storage in Lake Roosevelt.

2. Oil Spill Early Action & Prevention - In response to the October 14, 2004, Dalco Passage Puget Sound oil spill, the Oil Spill Early Action Task Force was formed to explore possible improvements and to prepare and respond to oil spills. Funding is provided to implement task force recommendations. (Oil Spill Prevention Account-State)

3. Initiative 297 Implementation - The Cleanup Priority Act (Initiative 297) was passed by voters in November 2004. The act requires the department to order cessation of radioactive waste disposal in unlined trenches, implement additional permitting requirements, establish enhanced public participation and a public participation grant program, and adopt additional cleanup standards for radioactive wastes. These new requirements will be funded by increased hazardous waste fees billed to the department of Energy and hazardous waste disposal fees. (Site Closure Account-State, State Toxics Control Account-State)

2005-07 Omnibus Operating Budget Department of Ecology

4. US vs Washington (Culverts) Lawsuit - One-time funding is provided for Assistant Attorney General staff support for the U.S. 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." Agencies involved in the case include the departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission.

5. Reduce Flood Control Grants - The Flood Control Assistance Account Program is reduced by 50 percent for the 2005-07 biennium. A total of \$2.0 million will continue to be provided for local government flood damage reduction projects, comprehensive hazard management plans, flood mapping and to provide technical assistance for the National Flood Insurance Program, flood control projects, and other program activities. (Flood Control Assistance Account)

6. 2005 Emergency Drought Declaration - On March 10, 2005, the Governor authorized an emergency drought declaration. The Department of Ecology will process emergency drought permits and expedite temporary water-rights transfers to reduce drought impacts on irrigators, municipalities and fish populations. (State Emergency Water Projects Revolving Account-State)

7. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Sustain Water Activities - In the 2003-05 biennium, the department is utilizing \$680,000 from the State Drought Preparedness Account (SDPA) and \$268,000 from the State and Local Improvements Revolving Account-Water Supply Facilities (Referendum 38) for water acquisition and water conservation. These funds were one-time in nature and are not sustainable beyond the 2003-05 biennium. Funding is provided to continue supporting local watershed planning efforts and for achieving and restoring stream flows, while assuring adequate water supplies for people and farms. To continue this current level of effort, the Water Quality Account is being utilized, and the SDPA and Referendum 38 accounts will be reduced by \$680,000 and \$268,000, respectively. (Water Quality Account, State Drought Preparedness Account, State and Local Improvements Revolving Account)

10. Statewide Streamflow Gauging - Streamflow monitoring supports programs designed to achieve, restore, and protect water supplies for people, fish, and farms. In addition, streamflow monitoring supports local watershed planning efforts. The department's stream gauging network is funded primarily by federal grants which expire in the 2003-05 Biennium, and from the State Drought Preparedness Account which was a one-time fund source. Funding is provided to continue to support the existing stream gauging network. (General-Fund State, Water Quality Account)

11. Enhance Well Construction Program * - Funding is provided to implement House Bill 1939 (well construction). The bill increases fees relating to new well drilling and decommissioning of wells. Additional revenue will be used to increase the number of inspections of wells and to enhance the department's well data systems. (Reclamation Revolving Account-State)

12. Municipal Stormwater Permit - The federal Clean Water Act requires certain industries and municipalities to have water quality discharge permits to discharge stormwater. Municipal stormwater permits require the implementation of a Stormwater Management program to reduce the discharge of pollutants, reduce impacts to receiving waters, eliminate illicit discharges, and make progress toward compliance with surface water, ground water, and sediment standards. Regulations under the act establish a two-part system for implementing municipal stormwater permits: larger municipalities were covered and issued in Phase I; smaller jurisdictions were addressed under Phase II. The department is now required to issue Phase II permits for over 100 municipalities, and will charge fees to fully implement this program. (Water Quality Permit Fee Account)

2005-07 Omnibus Operating Budget Department of Ecology

13. Water Quality Certifications - Projects proposed to be built in wetlands or in water bodies of water must meet state water quality standards and other aquatic protection regulations. Projects that result in a discharge to these waters and need a federal permit, must also meet Section 401 requirements of the Clean Water Act which require that these permits first receive state certification ensuring that the proposed projects meet state standards. As part of the department's overall permit streamlining and regulatory reform efforts, a pilot program for processing 401 water quality certification projects using re-assigned staff was initiated in one regional office. This pilot improved permit processing accountability and timelines, and resulted in 90 percent of routine certifications occurring within 90 days of application, and acknowledgement of receipt of the application being sent within 10 days. Additional permit processors and existing agency staff will expand the pilot statewide and make these process and timeline improvements permanent.

14. Beyond Waste & Business Assistance - Funding is provided for the department to implement the "Beyond Waste" plan. This new plan emphasizes waste and pollution prevention, rather than cleanup. Staff will work with businesses to reduce key wastes, increase organic composting, coordinate 'green building' practices, enhance existing data collecting methods and track performance indicators, implement a financial and regulatory incentives program, and improve pollution prevention plans. In addition, outside contractors will analyze the feasibility of funding less toxic business technologies and help determine which major indicators should be used to track the effectiveness of the Beyond Waste program. (Waste Reduction/Recycle/Litter Control Account, State Toxics Control Account, Hazardous Waste Assistance Account)

15. Community Right to Know Fund Shift - During the 1999-01 biennium, the department's hazardous waste community education, information, and data management work was shifted to the Worker and Community Right To Know Account (WCRTKA). The WCRTKA fund balance can no longer support this level of expenditures in the 2005-07 biennium. Funding is provided from the State Toxics Control Account for the department to continue providing hazardous chemical information to communities, citizens, and emergency responders. (State Toxics Control Account, Worker and Community Right To Know Account)

16. Reduce PBTs in the Environment - Persistent bioaccumulative toxins (PBTs) are toxic chemical elements and compounds that are persistent in the environment (resist chemical break-down), can move through the food chain, and accumulate in the tissue of humans and many animals. These toxins pose a health risk to humans and animals. As directed by the Legislature, in December 2000 the department completed and submitted a proposed strategy to reduce PBTs in Washington State. The department will complete the Polybrominated Diphenyl Ethers (PBDE) chemical action plan, monitor for mercury in fish, and continue implementing the overall PBT strategy. (State Toxics Control Account-State)

17. Cleanup Toxic Sites - Cleaning up pollution is one of the principle charges of the department and one of its three primary goals. Funding is provided to increase the pace of cleaning up high priority toxic sites that present a risk to human health and the environment. (State Toxics Control Account)

18. Enhance Voluntary Cleanups - Funding is provided for the department to coordinate the clean-up of 25 additional toxics sites with voluntary contaminated site owners. By sheer number, most of the cleanups in the state are conducted through the Voluntary Cleanup program, and the department recovers approximately 40 percent of its costs for these voluntary cleanups from the entity initiating the cleanup. (State Toxics Control Account-State)

19. Continue Marine Sediment Monitoring - For the past several biennia, the department has utilized federal funding sources to maintain a network for monitoring marine sediments. These resources have declined over time and will be eliminated at the end of the 2003-05 biennium. This data is used to identify locations that exceed health standards, mitigate public health and environmental threats, determine changes over time, measure the effectiveness of cleanup and prevention work, and provide data for fish consumption and other public health advisories. (State Toxics Control Account-State)

20. Wetland Banking Pilot Rule - Wetland banking is a method that allows wetlands to be restored, enhanced and preserved to offset impacts to wetlands from land development. Currently, the department is working on pilot to (1) test the draft wetland banking rule; (2) certify existing banks; and (3) determine what it will cost the state to implement a wetland banking program. Funding is provided to complete the pilot, so that wetland banking can be fully implemented and evaluated as directed by the 2004 Legislature.

**2005-07 Omnibus Operating Budget
Department of Ecology**

21. Water Right Mediation - At the request of the Lummi Nation, the federal government has filed for a declaration of the Lummi's water rights in federal court. The Department of Ecology and the Office of the Attorney General have received support from the United States Department of the Interior to seek a mediated settlement of the water right claims of the Lummi Nation. One-time funding of \$200,000 was provided for mediation efforts with the Lummi Nation in the 2004 budget, however, \$24,000 was expended due to a slower than expected beginning of settlement negotiations. To finish the mediation effort, one-time funding of \$176,000 is provided.

22. Commercial Passenger Vessels - Funding is provided for E2SHB 1415 (commercial passenger vessels). The bill establishes a system for regulating the release of treated blackwater and graywater from commercial passenger vessels. (General Fund-State, Commercial Passenger Vessel Enforcement Account-State)

23. Soil Contamination - Funding is provided to implement E2SHB 1605 (soil contamination). The bill directs the department, in cooperation with the Department of Health and the Department of Social and Health Services, to assist schools and child care facilities within child use prioritization areas in Western Washington to reduce the potential for children's exposure to area-wide soil contamination. (State Toxics Control Account-State)

24. Shoreline Planning Grants - In order to meet a legislatively directed schedule for updating local Shoreline Master Programs an additional \$2 million state general fund grant funding to cities and counties is provided. In addition, \$500,000 will allow grants that were encumbered in the 2003-05 biennium but not fully expended to be completed. Providing funding for this local government process will enable communities to comply with the new rule.

2005-07 Omnibus Operating Budget
WA Pollution Liab Insurance Program
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	7.1	0	1,902
2005-07 Maintenance Level	7.1	0	1,929
Policy Changes:			
1. General Inflation	0.0	0	-3
2. Oil Heat Education and Outreach	0.0	0	52
Total Policy Changes	0.0	0	49
Total 2005-07 Biennium	7.1	0	1,978
Difference from 2003-05	0.0	0	76
% Change from 2003-05	0.0%	0.0%	4.0%

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. Oil Heat Education and Outreach - An estimated 63,000 heating oil tanks will be registered in the agency's Heating Oil Tank Liability Insurance Program during the 2005-07 biennium. One-time funding will be used to produce, print, and mail preventive maintenance educational brochures to tank owners. (Heating Oil Pollution Liability Trust-Non-Appropriated)

2005-07 Omnibus Operating Budget
State Parks and Recreation Comm
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	694.6	60,420	104,756
2005-07 Maintenance Level	697.7	62,451	108,533
Policy Changes:			
1. Middle Management Reduction	-6.1	-590	-659
2. Operating Costs - New Projects	4.0	525	845
3. Balance to Available Revenue	-0.7	0	-108
4. General Inflation	0.0	-81	-500
5. Build and Operate Cabins and Yurts	9.8	0	1,034
6. Ice Age Floods Plan	0.0	0	185
7. Move Project Scoping to Operating	0.5	300	300
8. Public Safety and Risk Reduction	1.5	473	673
9. LCIC Fee Collection	3.3	0	268
10. Fort Worden Furnishing Replacement	0.0	476	575
Total Policy Changes	12.3	1,103	2,613
Total 2005-07 Biennium	709.9	63,554	111,146
Difference from 2003-05	15.4	3,134	6,390
% Change from 2003-05	2.2%	5.2%	6.1%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. Operating Costs - New Projects - State Parks receives funding through the capital budget and other sources to upgrade its facilities each biennium. Some of these projects are for major repairs to existing infrastructure, while other projects are for new facilities. A combination of one-time and ongoing funding is provided for operating and maintenance impacts for projects funded during the 2003-05 biennium. Affected projects completed during the 2003-05 Biennium include water systems at Mt. Spokane and Deception Pass State Park, new acquisitions at Pearrygin State Park and the Nisqually-Mashel area, and marina improvements at Sun Lakes State Park. (General Fund-State, Park Renewal and Stewardship Account-State)

3. Balance to Available Revenue - Expenditure authority and FTE staff are reduced to match forecasted revenues. As a result, services to off-road vehicle recreation will be reduced. (Off-Road Vehicle Account-State)

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. Build and Operate Cabins and Yurts - A combination of one-time and ongoing funding is provided for installing and operating cabins, yurts, and other rentable structures in parks across the state. (Parks Renewal and Stewardship Account-State)

6. Ice Age Floods Plan - The Ice Age floods were responsible for sculpting much of the landscape of eastern Washington and the Columbia River Gorge, and are considered a geological phenomenon of national importance. However, the historical and geological significance of this event is not well known to the public. One-time funding and staffing are provided to develop a plan for public education and tourist orientation and interpretation at selected state park sites along the route of the floods, from Spokane to the Pacific Ocean. (Parks Renewal and Stewardship Account-State)

**2005-07 Omnibus Operating Budget
State Parks and Recreation Comm**

7. Move Project Scoping to Operating - Staffing and funding are shifted from the agency's capital budget to the operating budget in response to a Joint Legislative Audit and Review Committee study regarding the use of capital dollars and FTE staff for non-project specific capital expenses. This funding will enable engineers and architects from the agency's regional capital program teams to scope prospective capital budget requests once a biennium.

8. Public Safety and Risk Reduction - A combination of one-time and ongoing funding is provided to address safety risks at state parks and to install new token-operated shower meters at state parks. Funding is provided to improve beach access roads, reimburse counties for deputy sheriff time, and increase ranger patrols at state beaches in Pacific and Grays Harbor counties. Resources are provided for enhanced employee safety measures, including working with the Department of Labor and Industries on safety training, processing workers' compensation claims, and hazardous materials disposal. In addition, funding is provided for Parks to coordinate with the Department of Natural Resources for forest fuels removal at state parks and for staff fire-fighting training. (General Fund-State, Parks Renewal and Stewardship Account-State)

9. LCIC Fee Collection - In February 2004, State Parks began collecting admission fees at the Lewis and Clark Interpretive Center (LCIC) at Cape Disappointment State Park. Expenditure authority and staffing are provided for fee collection, improved interpretation services, and display maintenance. (Parks Renewal and Stewardship Account-State)

10. Fort Worden Furnishing Replacement - One-time funding is provided to replace interiors, fixtures, appliances, and furnishings for twelve vacation houses at Fort Worden State Park. Furnishings in these units, accommodating up to 132 overnight guests, are currently 25 years old or older. (Parks Renewal and Stewardship Account-State)

2005-07 Omnibus Operating Budget
Interagency Comm for Outdoor Rec
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	26.6	2,628	24,540
2005-07 Maintenance Level	28.1	2,772	25,003
Policy Changes:			
1. Technical Adjustments	0.0	0	150
2. General Inflation	0.0	-2	-10
3. Outdoor Recreation Resource Plan	0.0	0	152
4. Pacific NW Aquatic Monitoring	0.0	40	40
5. Technology Enhancements	0.0	0	359
Total Policy Changes	0.0	38	691
Total 2005-07 Biennium	28.1	2,810	25,694
Difference from 2003-05	1.5	182	1,154
% Change from 2003-05	3.7%	6.9%	4.7%

Comments:

1. Technical Adjustments - Funding is adjusted for operating expenses for various accounts to align available revenue and operating expenses with the statutory requirements and/or available fund balance for these accounts. (General Fund-Federal, Firearms Range Account-State, Recreation Resources 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.

3. Outdoor Recreation Resource Plan - The Interagency Committee for Outdoor Recreation (IAC) is required by statute to develop a statewide strategic plan for the acquisition, renovation, and development of recreational resources and the conservation of open space. The current plan referred to as the State Comprehensive Outdoor Recreation Plan (SCORP) expires in December of 2007. The plan will be revised for the purpose of continuing to receive federal land and water conservation grants. (General Fund-Federal, Recreation Resources Account-State and Nonhighway and Off-Road Vehicles Activities Program Account-State)

4. Pacific NW Aquatic Monitoring - Funding is provided to coordinate federal, state, tribal, local, and private aquatic monitoring efforts through the Pacific Northwest Aquatic Monitoring Partnership (PNAMP). This investment will reduce redundancy, increase efficiency, and help meet the goals and objectives of the various entities involved in monitoring.

5. Technology Enhancements - Funding is provided to upgrade an existing single point of reference mapping system to a geographic area (polygon) system that will better identify the location, boundaries, and size of a project. This information will be used to manage projects by the Interagency Committee for Outdoor Recreation, local governments, private landowners, federal, and state agencies. (General Fund-Federal, Recreation Resources Account-State, and Nonhighway and Off-Road Vehicles Activities Program Account-State)

2005-07 Omnibus Operating Budget
Environmental Hearings Office
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	9.0	1,942	1,942
2005-07 Maintenance Level	9.0	2,000	2,000
Policy Changes:			
1. General Inflation	0.0	-5	-5
2. Reduce Appeal Resolution Timelines	0.0	38	38
3. Salary Increases	0.0	80	80
Total Policy Changes	0.0	113	113
Total 2005-07 Biennium	9.0	2,113	2,113
Difference from 2003-05	0.0	171	171
% Change from 2003-05	0.0%	8.8%	8.8%

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. Reduce Appeal Resolution Timelines - The number of complex appeals filed with the Environmental Hearings Office is increasing, even though the actual number of appeals filed has remained relatively stable over the last four years. One administrative appeals judge is increased from 80 percent to 100 percent time to reduce the average time spent resolving appeals from 6.5 months down to the long-term goal of 6.0 months. Resolving these appeals in a timely manner directly impacts economic development by reducing the uncertainty related to the final outcome of permits.

3. Salary Increases - The Environmental Hearings Office board members, administrative appeals judges, and staff salaries are lower than similar adjudicatory agencies and other state legal staff. In order to increase staff retention and facilitate hiring, exempt board members, judges, and staff salaries are increased by an average of 5.6 percent. This increase will bring these positions into line with similar positions in state government.

2005-07 Omnibus Operating Budget
State Conservation Commission
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	12.8	4,487	6,909
2005-07 Maintenance Level	12.3	4,271	6,462
Policy Changes:			
1. General Inflation	0.0	-5	-9
2. Sustaining Conservation Ops #	0.0	200	200
3. Supporting Local Accountability	0.0	0	62
4. Prof Engineering Grants Program	0.0	0	300
5. Livestock Nutrient Assistance	0.0	0	1,600
Total Policy Changes	0.0	195	2,153
Total 2005-07 Biennium	12.3	4,466	8,615
Difference from 2003-05	-0.5	-21	1,706
% Change from 2003-05	-7.7%	-0.5%	24.7%

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. Sustaining Conservation Ops # - Funding is provided to implement Substitute House Bill 1462 (funding conservation districts). This bill allows the Conservation Commission to adopt rules concerning eligibility and distribution of grants to conservation districts.

3. Supporting Local Accountability - The State Auditor conducts financial and legal compliance audits of the state's 48 local conservation districts, and state law requires each district to be audited at least every three years. Funding will reimburse the State Auditor for the increased cost of audits scheduled to be conducted during the 2005-07 biennium. (Water Quality Account-State)

4. Prof Engineering Grants Program - The commission provides professional engineering grants to conservation districts to make engineering services available and affordable to private landowners who wish to implement natural resource conservation plans, and water-quality or habitat-improvement projects. Typical work performed by district engineers includes permitting, designing, and construction oversight. One-time funding is provided to address an estimated backlog of 50-60 projects in need of engineering review, thereby reducing the turnaround time from approval of project financing to project completion. (Water Quality Account-State)

5. Livestock Nutrient Assistance - One-time funding is provided for conservation districts to assist approximately 800 owners and operators of animal feeding operations and concentrated animal feeding operations in developing nutrient management plans. These operators must meet and stay in compliance with new federal water-quality standards beginning December 2006. Funding will also support conservation districts' to provide information to 1,000 smaller-scale livestock producers. (Water Quality Account-State)

2005-07 Omnibus Operating Budget
Dept of Fish and Wildlife
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,533.2	83,031	282,290
2005-07 Maintenance Level	1,535.0	86,454	294,865
Policy Changes:			
1. Technical Adjustments	0.0	0	-121
2. Wildlife Fund-State Adjustment	-34.0	0	-3,800
3. WILD System Replacement	0.0	0	300
4. Genetics Lab Resources	0.0	21	42
5. Warm Water Gamefish Activity	0.0	0	250
6. U.S. v. Washington Culvert Lawsuit	0.0	122	122
7. Middle Management Reduction	-17.0	-916	-1,863
8. General Inflation	0.0	-300	-1,110
9. Equip Maintenance/Software Licenses	1.0	0	400
10. Infrastructure Replacement	0.0	0	375
11. Hydraulic Permit Management System	0.0	0	300
12. Wild Salmon Monitoring	5.0	500	500
13. Hunter Education Training	0.7	0	46
14. F&W Violations (ESHB 1696)	0.7	0	398
15. Chum Salmon Production	0.0	20	20
16. Damage to Livestock by Cougars	0.0	0	50
17. Canada Goose Hunting Days	0.0	0	90
18. DFW/DOE Water Team	2.5	477	477
19. Safety Equipment Upgrade	0.0	0	166
20. Big Game Hunting License *	0.5	0	72
Total Policy Changes	-40.6	-76	-3,286
Total 2005-07 Biennium	1,494.5	86,378	291,579
Difference from 2003-05	-38.8	3,347	9,289
% Change from 2003-05	-2.5%	4.0%	3.3%

Comments:

1. Technical Adjustments - Funding is adjusted for operating expenses for the Regional Fisheries Enhancement Salmonid Recovery Account, the Off-Road Vehicle Account, the Coastal Crab Account and the Sea Urchin Dive Fisheries Account. These reductions align available revenue and operating expenses with available fund balance for these accounts. (Regional Fisheries Enhancement Salmonid Recovery Account-Federal, Coastal Crab Account-Nonappropriated, Sea Urchine Dive Fisheries Account-Nonappropriated, Off-Road Vehicle Account-State)

2. Wildlife Fund-State Adjustment - Expenditure authority and FTE staff are reduced to match expected revenues in the state wildlife account. The agency will reduce funding for the Bogachiel/Eels Hatchery production, Garrison Springs Hatchery and continue decommissioning of the Brinnon shellfish hatchery. Other activities to be eliminated or reduced include the go play outside contract, one district office staff, one biological field staff, enforcement staff, access sites, marine resources, print shop, mail room, and agency administration/business services expenditures. (State Wildlife Account-State)

3. WILD System Replacement - The recreational license sales system is provided through contract, which expires on June 30, 2006. The department has begun the process to select a new vendor to design and deploy a new generation licensing system to replace the Washington Interactive Licensing Database. One-time funding is provided to cover project management expertise, training, and travel expenses. (State Wildlife Account-State)

2005-07 Omnibus Operating Budget Dept of Fish and Wildlife

4. Genetics Lab Resources - Funding is provided for supplies and materials used to run the department's genetics lab. (General Fund-State, State Wildlife Account-State)

5. Warm Water Gamefish Activity - Warm water operating funding authority was shifted to the capital budget to accomplish a construction project at the Meseberg Hatchery during the 2003-05 Biennium. The construction project is complete and spending authority is directed back to the operating budget to re-establish the prior level of warm water game fish management. (Warm Water Game Fish Account-State)

6. U.S. v. Washington Culvert Lawsuit - One-time 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." Agencies involved in the case include the departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission.

7. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Equip Maintenance/Software Licenses - Funding is provided for additional security activity and operational support of information technology systems that are compatible with statewide systems, which include enhanced e-mail virus and spam protection, intrusion detection and firewall management, and system log monitoring. (State Wildlife Account-State)

10. Infrastructure Replacement - Funding is provided to update seven Novell servers and ten Unix servers to systems that are compatible with statewide systems. The recently completed information technology architecture study of the department reviewed the current services and recommended that the highest priority items be replaced during in the 2005-07 biennium. (State Wildlife Account-State)

11. Hydraulic Permit Management System - A new Hydraulic Permit Management System (HPMS) is under development to replace manual tools and to automate hydraulic permit approval business processes. Phase 1 of the new HPMS system will be implemented in the 2003-05 biennium and will provide a basic capability for habitat biologists to receive applications, issue permits, and track projects. This item funds Phase II of the HPMS and will allow increased site visit tracking, enforcement appeal tracking, and geographic information system (GIS) mapping capability by the Salmon Recovery Funding Board (SRFB). (State Wildlife Account-State)

12. Wild Salmon Monitoring - Funding is provided for monitoring listed wild salmonid populations statewide. Intensively Monitored Watersheds (IMW) funding will be maintained beyond FY 2005. However, the SRFB will not cover monitoring of the production of Puget Sound chinook, lower Columbia steelhead, upper Columbia steelhead, and chinook in rivers that are not associated with the IMW project.

13. Hunter Education Training - Funding is provided to expand hunter education training by increasing the number of courses provided from 500 to 550. Course participation fees support hunter education training, although additional support staff is provided for enrollment and certification record keeping, distribution of course materials, and maintaining instructor records. (State Wildlife Account-State)

14. F&W Violations (ESHB 1696) - Expands the crime of unlawful recreational fishing in the first degree to include fishing for or possessing a species of fish that is listed as endangered or threatened. The bill allows flexibility in the types of security posted to reclaim seized property and increases the penalties for the unlawful hunting of big game. A new non-appropriated account, the Fish and Wildlife Reward Account, is created to fund wildlife enforcement activities. (State Wildlife Account-State)

**2005-07 Omnibus Operating Budget
Dept of Fish and Wildlife**

15. Chum Salmon Production - Funding is provided for chum salmon production at Minter Creek Hatchery.

16. Damage to Livestock by Cougars - Funding is provided for reimbursements from damage to commercial livestock that is caused by cougars. (State Wildlife Account-State)

17. Canada Goose Hunting Days - Federal funds are provided for the management of Canada goose seasons to increase the number of hunting days in southwest Washington. (General Fund-Federal)

18. DFW/DOE Water Team - The department's stream flow science team provides the science to support statewide instream flow activities to meet the needs of fish life and salmon recovery. The team collaborates with the Department of Ecology to support that agency's actions in instream flow rule making, water rights administration, flow restoration, flow monitoring, and protection, making conditions for instream flows under the federal Clean Water Act, and development of recommendations for water management below dams and reservoirs.

19. Safety Equipment Upgrade - One-time funding is provided for the Department to replace emergency communication equipment and to purchase ergonomic safety equipment. Radios will meet new Federal Communication Commission (FCC) standards and allow better communication between law enforcement agencies while the safety equipment will reduce injuries related to repetitive motion, material handling, and lifting hazards in the workplace thereby reducing the number of Department's L&I claims. (State Wildlife Account-State)

20. Big Game Hunting License * - Funding is provided to implement House Bill 1211 (multiple season big game permit). The bill grants the Fish and Wildlife Commission with the authority to offer a multiple season big game permit that allows the holder to hunt deer or elk during more than one general hunting season. (State Wildlife Account-State)

2005-07 Omnibus Operating Budget
Department of Natural Resources
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,444.5	91,225	314,445
2005-07 Maintenance Level	1,443.6	79,656	300,916
Policy Changes:			
1. Middle Management Reduction	-13.1	-380	-1,451
2. Balance to Available Revenue	-30.5	0	-1,965
3. US v Washington (Culverts) Lawsuit	0.0	0	329
4. General Inflation	0.0	-548	-1,628
5. Contaminated Sediments	0.0	0	2,155
6. Aquatic Endangered Species Act	3.0	0	2,129
7. Seagrass Monitoring and Management	1.4	0	345
8. Shellfish Settlement	0.5	9,000	11,000
9. Correctional Camps	2.4	0	257
10. Dispersed Recreation	3.7	596	596
11. Height Modernization Grant	1.6	0	5,000
12. Risk Management - Fire Shelters	0.0	0	608
13. Geoduck Harvest (E2SHB 1896)	0.6	0	138
14. Off-Road Vehicle Safety	1.6	0	852
15. RTA Systems Replacement Project	4.6	158	2,245
Total Policy Changes	-24.3	8,826	20,610
Total 2005-07 Biennium	1,419.3	88,482	321,526
Difference from 2003-05	-25.2	-2,743	7,081
% Change from 2003-05	-1.7%	-3.0%	2.3%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. Balance to Available Revenue - Expenditure authority and FTE staff are reduced to match expected revenues in selected dedicated accounts. The agency will reduce services to off-road vehicle sites, mapping and survey activities, oversight of dredge spoils disposal sites on state-owned aquatic lands, and surface mining regulation. (Resource Management Cost Account-State, State Nursery Revolving Account-Nonappropriated, various other funds)

3. US v Washington (Culverts) Lawsuit - One-time 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." Agencies involved in the case include the departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission. (Forest Development Account-State, Resource Management Cost Account-State)

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. Contaminated Sediments - One-time funding will complete the clean-up of contaminated sediments in Commencement Bay and fulfill the state's obligations at other contaminated sites. (State Toxics Account-State)

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6. Aquatic Endangered Species Act - Funding and staffing are provided to continue the development of a plan to bring state-owned aquatic lands managed by the department into compliance with the federal Endangered Species Act. (Aquatic Land Enhancement Account-State)

7. Seagrass Monitoring and Management - Eelgrass is a plant that grows in intertidal and shallow marine waters and estuaries, occupying over 200,000 acres on 37 percent of the state's shoreline. It plays a role in supporting commercially important fish, slowing coastal erosion, and providing food and shelter for birds and marine invertebrates. A combination of one-time and ongoing funding and staffing will perform site-specific monitoring and documentation of eelgrass to assist in protection and restoration of eelgrass habitat. (Aquatic Lands Enhancement Account-State)

8. Shellfish Settlement - One-time funding is provided for Washington State to fulfill the terms of a U.S. District Court consent decree addressing implementation of tribal harvest of shellfish from tidelands used by commercial shellfish growers. This settlement will provide affected growers the exclusive, productive use of the private and leased tidelands that they have improved and cultivated for shellfish culture over the years. This appropriation is contingent upon a matching federal appropriation of \$22 million. (State Toxics Account-State, Aquatic Lands Enhancement Account-State)

9. Correctional Camps - Expenditure authority is shifted from General Fund-Private/Local to the Forest Fire Protection Assessment Account-Nonappropriated in order to maintain six trained and equipped ten-person inmate crews used for emergency fire suppression. During the 2003-05 biennium, the department was not successful in obtaining ongoing funding for these low-cost crews from other state and local agencies, as envisioned. In addition, funding and staffing are provided for two additional inmate crews to enable the department to protect state lands from wildfires at the level recommended in a 1997 consultant study. (General Fund-Private/Local, Forest Fire Protection Assessment Account-Nonappropriated)

10. Dispersed Recreation - The department operates a system of 140 recreation sites and 1,100 miles of trails statewide. Some sites and trails are not eligible for funding from other sources available to DNR due to statutory restrictions, and have been threatened with closure in recent years when state general funds were reduced. A combination of one-time and ongoing funding is provided to keep open these 25 recreation sites and 140 miles of trails.

11. Height Modernization Grant - Federal spending authority and staffing are provided to the department to manage a statewide project to re-measure elevations and install global positioning reference stations. This project is funded by the U.S. Department of Commerce, National Oceanic and Atmospheric Administration. (General Fund-Federal)

12. Risk Management - Fire Shelters - One-time funding is provided to acquire 1,830 new-generation emergency-protection shelters for firefighters. This will allow the department to complete an acquisition plan initiated by the department in FY 2004. New-generation shelters provide superior safety features, as compared to the shelters currently used. (Forest Fire Protection Assessment Account-Nonappropriated)

13. Geoduck Harvest (E2SHB 1896) - Funding is provided to implement Engrossed Second Substitute House Bill 1896 (geoduck harvest). The bill directs the department to conduct several studies regarding geoducks in Hood Canal. (Resource Management Cost Account-State)

14. Off-Road Vehicle Safety - A combination of one-time and ongoing funding is provided for increased recreation program staff to perform duties such as developing management plans for each of DNR's off-road vehicle (ORV) trail systems, developing statewide standards for signs, and providing maps and brochures to promote user safety. In addition, funding is provided to produce and install signs at fourteen DNR recreation sites with high ORV usage. (Nonhighway and Off-Road Vehicle Program Account-State)

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Department of Natural Resources**

15. RTA Systems Replacement Project - One-time funding of \$2,245,000 and \$175,000 of ongoing funding and staffing is provided to complete the implementation phase of a new revenue management system funded in the 2003-05 biennium, and to replace two related systems for timber and asset management. The new suite of systems will replace mainframe-based, unreliable applications with stable, easily-supported Web-based technology. They will allow the department to more easily manage trust revenues. (General Fund-State, Forest Development Account-State, Resource Management Cost Account-State, various other funds)

2005-07 Omnibus Operating Budget
Department of Agriculture
(Dollars in Thousands)

	FTEs	House Chair	Total
		GF-S	
2003-05 Estimated Expenditures	659.1	18,700	95,935
2005-07 Maintenance Level	668.2	19,187	98,859
Policy Changes:			
1. Middle Management Reduction	-4.0	-128	-446
2. Livestock Nutrient Management	1.0	0	240
3. Sudden Oak Death	3.0	404	404
4. Pesticide Surface Water Monitoring	0.0	0	509
5. General Inflation	0.0	-57	-302
6. Washington Wine Brand	0.0	400	400
7. Small Farm Direct Marketing	0.0	150	150
8. Hop Technology Initiative	0.0	1,500	1,500
9. Poultry Disease Eradication	0.0	25	25
10. Market Access/Trade Barrier	0.0	1,000	1,000
11. Food Safety/Animal Health	0.0	466	466
12. Economic Impact of Agriculture	0.0	100	100
Total Policy Changes	0.0	3,860	4,046
Total 2005-07 Biennium	668.2	23,047	102,905
Difference from 2003-05	9.1	4,347	6,970
% Change from 2003-05	1.4%	23.2%	7.3%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. Livestock Nutrient Management - Legislation enacted in 2003 transferred the state's livestock nutrient management program from the Department of Ecology to the Department of Agriculture. Travel and attorney general costs, as well as the number of follow-up inspections needed, have been higher than anticipated at the time of the transfer. Funding and staffing are provided for additional legal, travel, and inspection costs. (Water Quality Account-State)

3. Sudden Oak Death - Sudden Oak Death (SOD) is a recently introduced plant disease that threatens the state's nursery industry and forest lands. Caused by a fungus-like organism, this disease attacks more than 60 different plant species, many of which are common to Washington State, including camellia, Douglas fir, and rhododendron. SOD has been found in 26 western Washington nurseries since it was first detected in 2003, and is stopped only through the destruction of affected plant materials. Ongoing funding and staffing will work to detect, contain, and eradicate SOD.

4. Pesticide Surface Water Monitoring - A combination of one-time and ongoing funding is provided to monitor pesticide residues in the Skagit River basin, a western Washington watershed of agricultural significance, to provide additional Washington-specific data for federal assessments of the potential pesticide risk to salmon. Pesticide data collected by the state from the Cedar-Sammamish and Lower Yakima basins has been used, and has influenced outcomes, in federal assessments of the effects of most pesticides named in the Washington Toxics Coalition v. Environmental Protection Agency lawsuit. (State Toxics Account-State)

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.

**2005-07 Omnibus Operating Budget
Department of Agriculture**

- 6. Washington Wine Brand** - A new branding campaign was created by the Washington Wine Industry to strengthen consumer awareness and create a brand identity for Washington wines. Funding is provided to support the implementation of the campaign.
- 7. Small Farm Direct Marketing** - Funding is provided for the Small Farm and Direct Marketing Program. This program connects small farmers directly with consumers.
- 8. Hop Technology Initiative** - One-time funding is provided to research and develop new hop harvesting technologies and for associated pilot projects.
- 9. Poultry Disease Eradication** - Funding is provided for indemnity payments for poultry that are ordered by the department to be slaughtered or destroyed.
- 10. Market Access/Trade Barrier** - Funding is provided to enhance the department's market promotion and trade barrier grants program. Grants are provided to educate the public and promote Washington produce, improve access to foreign markets, develop and update data, and match buyers with sellers.
- 11. Food Safety/Animal Health** - One-time funding is provided to complete a database application that would consolidate program information and enable the department to more effectively respond to a food safety or animal disease emergency.
- 12. Economic Impact of Agriculture** - One-time funding is provided for a study of the economic impacts of agriculture and fairs in Washington.

2005-07 Omnibus Operating Budget
Washington State Patrol
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	550.5	39,287	90,702
2005-07 Maintenance Level	551.6	41,430	95,912
Policy Changes:			
1. Salary Equalization	0.0	242	242
2. Crime Lab Division Staffing	15.5	3,302	4,078
3. Convicted Offender DNA Analysis	2.0	1,296	1,327
4. Toxicology Lab Staffing	2.5	0	504
5. Electronic Fingerprint Checks	0.8	0	404
6. Middle Management Reduction	-4.4	-202	-478
7. General Inflation	0.0	-127	-293
8. PSEA Shortfall	0.0	19,063	0
Total Policy Changes	16.4	23,574	5,784
Total 2005-07 Biennium	568.0	65,004	101,696
Difference from 2003-05	17.5	25,717	10,994
% Change from 2003-05	3.3%	65.5%	12.1%

Comments:

1. Salary Equalization - In addition to funds provided for a 1.6 percent salary increase on September 1, 2006, funds are also provided for an additional 3.4 percent salary increase for Washington State Patrol troopers in FY 2007 to address recruitment and retention issues.

2. Crime Lab Division Staffing - Funding is provided to increase staffing at the newly constructed Vancouver and Spokane crime laboratories and to address deficiencies in the delivery of forensic services to law enforcement agencies. (General Fund-State, Federal Narcotics Seizure Account, Death Investigations Account, DNA Data Base Account-State)

3. Convicted Offender DNA Analysis - Funding is provided for two forensic scientists and additional facility space at the Forensic Laboratory Services Bureau Headquarters in Seattle to analyze deoxyribonucleic acid (DNA) samples from felons and certain misdemeanants collected in accordance with Chapter 289, Laws of 2002. (General Fund-State, Death Investigations Account-State)

4. Toxicology Lab Staffing - Three positions are funded to address significant caseload increases at the State Toxicology Laboratory. These additional positions will enable the lab to provide timely, accurate reporting of toxicology results to the state's criminal justice agencies for the investigation and prosecution of crimes where the suspect or victim may have been affected by drugs and/or alcohol. (Death Investigations Account-State)

5. Electronic Fingerprint Checks - Funding is provided for computer programming enhancements to accommodate the electronic processing of fingerprint-based background checks. The development of an interface to transfer data between the Automated Fingerprint Identification System (AFIS), the Washington State Identification System (WASIS) criminal history database, and the Paid Inquiry Document System (PIDS), will improve the dissemination of fingerprint-based background check information. (Fingerprint Identification Account-State)

6. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, various other funds)

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Washington State Patrol**

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. (General Fund-State, various other funds)

8. PSEA Shortfall - Due to a revenue shortfall in the Public Safety and Education Account (PSEA), expenditure authority is transferred from PSEA to the state general fund. (General Fund-State, Public Safety and Education Account-State)

2005-07 Omnibus Operating Budget
Department of Licensing
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	233.5	10,481	35,882
2005-07 Maintenance Level	233.1	11,177	37,139
Policy Changes:			
1. Middle Management Reduction	-3.5	-160	-388
2. General Inflation	0.0	-50	-92
3. Master License Service (HB 2131)	4.0	0	1,653
4. Real Estate Appraisers	1.2	0	186
5. Business and Professions Account	0.0	-7,685	0
6. Vehicle License & Reg (HB 1241)	0.0	34	34
7. BPD License Query Systems	3.5	0	578
8. MLS Electronic Document Management	1.0	0	389
Total Policy Changes	6.2	-7,861	2,360
Total 2005-07 Biennium	239.3	3,316	39,499
Difference from 2003-05	5.9	-7,165	3,617
% Change from 2003-05	2.6%	-68.4%	10.1%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Master License Service (HB 2131) - Funding is provided for the implementation of House Bill No. 2131 (master licensing service). If legislation is not enacted by June 30, 2005, the funding lapses. (Master License Account)

4. Real Estate Appraisers - Funding is provided to hire an additional Real Estate Appraiser Investigator for the 2005-07 biennium in order to comply with the agency's responsibilities to ensure timely compliance with minimum standards of competence and conduct by real estate appraisers providing services to the public. (Real Estate Appraiser Commission Account-State)

5. Business and Professions Account - Funding is provided for the implementation of Substitute House Bill No. 1394 (business and professions account). If legislation is not enacted by June 30, 2005, the bill lapses. The bill establishes a business and professions account. The fees from licensing and regulating thirteen business and professions that had been deposited into the General Fund will now be deposited in this account. (General Fund-State, Business and Professions Account-State)

6. Vehicle License & Reg (HB 1241) - Funding is provided for the implementation of House Bill No. 1241 (vehicle licensing and registration). If legislation is not enacted by June 30, 2005, the funding lapses. (General Fund-State)

7. BPD License Query Systems - Funding is provided to re-develop and re-engineer the Business and Professions Division's (BPD) license query systems. This will result in Internet-based sites that citizens, businesses, and government agencies can use to make informed decisions about the retention or use of any business, or professional licensed by the department. (General Fund-State, other funds)

**2005-07 Omnibus Operating Budget
Department of Licensing**

8. MLS Electronic Document Management - Funding is provided to convert master license service business licensing documents from a paper and microfilm system to an electronically imaged system.

2005-07 Omnibus Operating Budget
Public Schools
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	285.3	10,165,146	11,968,709
2005-07 Maintenance Level	287.1	11,010,811	13,084,201
Policy Changes:			
1. Health Benefit Changes	0.0	129,149	129,722
2. Special Education Lawsuit	0.0	200	200
3. Responsibilities of K-12 Boards #	-2.0	-439	-439
4. School Bus Depreciation	0.0	-6,482	-6,482
5. Levy Equalization #	0.0	-34,006	-34,006
6. Washington Achievers Scholars	0.0	1,000	1,000
7. Special Education Safety Net	0.0	54,400	57,352
8. Science WASL	0.0	4,471	4,471
9. Middle Management Reduction	-4.5	-211	-233
10. Eliminate Readiness to Learn Grants	0.0	-7,188	-7,188
11. Reading Corps	0.0	-7,426	-7,426
12. Pension Method Change	0.0	-243,117	-243,373
13. General Inflation	0.0	-183	-394
14. Principal Support Program	0.0	100	100
15. Assessment System Improvements #	0.0	3,155	3,155
16. Expand Learning Assistance Pgm #	0.0	30,061	30,061
17. Apportionment and Financial Systems	0.0	1,900	1,900
18. Early Reading Grant Program	0.0	520	520
19. Reading Model Implementation	0.0	1,000	1,000
20. Focused Asst to High Sch and Dists	0.0	2,000	2,000
21. School Breakfast Programs (HB 1771)	0.0	106	1,477
22. CAS Minimum Salary Allocation \$45K	0.0	150	150
23. Diagnostic Assessments for Reading	0.0	500	500
24. Skills Center Incentive Grants #	0.0	1,181	1,181
25. Transfers to School Construction	0.0	0	135,245
Total Policy Changes	-6.5	-69,159	70,493
Total 2005-07 Biennium	280.6	10,941,652	13,154,694
Difference from 2003-05	-4.7	776,506	1,185,985
% Change from 2003-05	-1.4%	7.6%	9.9%

2005-07 Omnibus Operating Budget
Public Schools
OSPI & Statewide Programs
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	242.4	42,285	136,363
2005-07 Maintenance Level	243.4	44,011	123,646
Policy Changes:			
1. Special Education Lawsuit	0.0	200	200
2. Responsibilities of K-12 Boards #	1.0	181	181
3. Washington Achievers Scholars	0.0	1,000	1,000
4. Middle Management Reduction	-4.2	-185	-203
5. General Inflation	0.0	-136	-301
6. Assessment System Improvements #	0.0	-1,290	-1,290
7. Apportionment and Financial Systems	0.0	1,900	1,900
Total Policy Changes	-3.2	1,670	1,487
Total 2005-07 Biennium	240.2	45,681	125,133
Difference from 2003-05	-2.2	3,396	-11,230
% Change from 2003-05	-0.8%	8.0%	-8.2%

Comments:

1. Special Education Lawsuit - Eleven school districts have filed a lawsuit in Thurston County Superior Court claiming that the state has underfunded special education based on an unconstitutional funding system. This lawsuit will require additional services from the Attorney General's Office, the costs of which will be billed to the Office of the Superintendent of Public Instruction (OSPI).

2. Responsibilities of K-12 Boards # - One staff position is added to the Professional Educator Standards Board to support the board in fulfilling its increased responsibilities related to teacher preparation programs under proposed legislation.

3. Washington Achievers Scholars - The Washington Achievers Scholars program administered by the Washington Education Foundation provides mentorship and college scholarship opportunities to students in 16 high poverty, ethnically diverse high schools. The Foundation utilizes state and private funding sources to support this program. State funding is provided to hire additional Community Involvement Officers, who recruit, train, support, and match Hometown Mentors with students in these schools.

4. Middle Management Reduction - The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount.

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. Assessment System Improvements # - School district participation in national norm-referenced tests (Iowa Test of Basic Skills/Iowa Test of Educational Development) will no longer be mandatory. The nationally normed tests will remain available to districts that choose to offer the tests at their own expense. Washington will continue to participate in the National Assessment of Educational Progress (NAEP), which will provide a comparison of Washington student achievement relative to the rest of the nation.

7. Apportionment and Financial Systems - The current K-12 state funding system, providing over \$5 billion in state funds to 296 school districts, is dependent upon a COBOL program operating on a VAX-platform. Also operating on this system are processes that collect school district budget and expenditure information, staffing characteristics, and the student enrollments that drive the funding process. The VAX and COBOL systems are no longer supported by software and equipment manufacturers and are considered to be operating beyond their useful life cycle. The apportionment system will be replaced by the end of Fiscal Year 2008.

2005-07 Omnibus Operating Budget
Public Schools
General Apportionment
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	8,099,444	8,099,444
2005-07 Maintenance Level	0.0	8,621,481	8,621,481
Policy Changes:			
1. Pension Method Change	0.0	-199,658	-199,658
2. CAS Minimum Salary Allocation \$45K	0.0	127	127
3. Skills Center Incentive Grants #	0.0	1,181	1,181
Total Policy Changes	0.0	-198,350	-198,350
Total 2005-07 Biennium	0.0	8,423,131	8,423,131
Difference from 2003-05	0.0	323,687	323,687
% Change from 2003-05	0.0%	4.0%	4.0%

Comments:

1. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

2. CAS Minimum Salary Allocation \$45K - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about \$30,000 for each state-funded CAS full-time-equivalent (FTE) to about \$75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of \$45,000 in the 2006-07 school year, which will increase the allocations to twenty-three school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

3. Skills Center Incentive Grants # - Funding is provided for an incentive program to encourage school districts to provide students greater access to the ten Skills Centers.

2005-07 Omnibus Operating Budget
Public Schools
Pupil Transportation
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	441,741	441,741
2005-07 Maintenance Level	0.0	503,981	503,981
Policy Changes:			
1. School Bus Depreciation	0.0	-6,482	-6,482
2. Pension Method Change	0.0	-7,860	-7,860
Total Policy Changes	0.0	-14,342	-14,342
Total 2005-07 Biennium	0.0	489,639	489,639
Difference from 2003-05	0.0	47,898	47,898
% Change from 2003-05	0.0%	10.8%	10.8%

Comments:

1. School Bus Depreciation - The Joint Legislative Audit and Review Committee issued its final report on K-12 School Bus Bidding and Purchasing in February 2005. It noted that the present method for reimbursing districts for school bus purchases results in wide annual fluctuations in state payments to districts. To address this issue, school bus depreciation payments will be based on a five-year average of prices for each bus category. In the final year on the depreciation schedule, the payment for a bus will be adjusted so that the total depreciation payments and assumed investment returns will be sufficient to replace the bus according to the current low bid price for that bus category. These changes provide additional stability and predictability for state expenditures and school district revenues, and the current policy of providing the replacement value by the end of the depreciation payments is maintained.

2. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

2005-07 Omnibus Operating Budget
Public Schools
School Food Services
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	6,200	363,121
2005-07 Maintenance Level	0.0	6,200	402,089
Policy Changes:			
1. School Breakfast Programs (HB 1771)	<u>0.0</u>	<u>106</u>	<u>1,477</u>
Total Policy Changes	0.0	106	1,477
Total 2005-07 Biennium	0.0	6,306	403,566
Difference from 2003-05	0.0	106	40,445
% Change from 2003-05	0.0%	1.7%	11.1%

Comments:

1. School Breakfast Programs (HB 1771) - Under HB 1771, school districts will be required to provide school breakfast programs in schools in which more than 40 percent of the students qualify for free or reduced price meals. Funding is provided to reimburse school districts for these breakfasts. (General Fund-State and General Fund-Federal)

2005-07 Omnibus Operating Budget
Public Schools
Special Education
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1.5	876,474	1,303,587
2005-07 Maintenance Level	1.5	925,238	1,357,996
Policy Changes:			
1. Special Education Safety Net	0.0	54,400	57,352
2. Pension Method Change	0.0	-22,523	-22,771
3. CAS Minimum Salary Allocation \$45K	0.0	16	16
Total Policy Changes	0.0	31,893	34,597
Total 2005-07 Biennium	1.5	957,131	1,392,593
Difference from 2003-05	0.0	80,657	89,006
% Change from 2003-05	0.0%	9.2%	6.8%

Comments:

1. Special Education Safety Net - School districts will no longer be required to demonstrate maintenance of local effort in order to access safety net funding. The application threshold for individual high cost students, based on services provided in their individual education plans (IEPs), will remain at the current level. (General Fund-State, General Fund-Federal)

2. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

3. CAS Minimum Salary Allocation \$45K - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about \$30,000 for each state-funded CAS full-time-equivalent (FTE) to about \$75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of \$45,000 in the 2006-07 school year, which will increase the allocations to twenty-three school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

2005-07 Omnibus Operating Budget
Public Schools
Educational Service Districts
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	7,177	7,177
2005-07 Maintenance Level	0.0	7,608	7,608
Policy Changes:			
1. Pension Method Change	0.0	-207	-207
2. CAS Minimum Salary Allocation \$45K	0.0	1	1
Total Policy Changes	0.0	-206	-206
Total 2005-07 Biennium	0.0	7,402	7,402
Difference from 2003-05	0.0	225	225
% Change from 2003-05	0.0%	3.1%	3.1%

Comments:

1. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

2. CAS Minimum Salary Allocation \$45K - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about \$30,000 for each state-funded CAS full-time-equivalent (FTE) to about \$75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of \$45,000 in the 2006-07 school year, which will increase the allocations to twenty-three school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

2005-07 Omnibus Operating Budget
Public Schools
Levy Equalization
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	328,627	328,627
2005-07 Maintenance Level	0.0	370,089	370,089
Policy Changes:			
1. Levy Equalization #	<u>0.0</u>	<u>-34,006</u>	<u>-34,006</u>
Total Policy Changes	0.0	-34,006	-34,006
Total 2005-07 Biennium	0.0	336,083	336,083
Difference from 2003-05	0.0	7,456	7,456
% Change from 2003-05	0.0%	2.3%	2.3%

Comments:

1. Levy Equalization # - In the 2005-07 Biennium, levy equalization payments to school districts will be prorated at 88.5 percent. Local Effort Assistance, or levy equalization, allocations to school districts are expected to increase by \$4.2 million from the 2004-05 school year to the 2005-06 school year and by another \$2.1 million from the 2005-06 year to the 2006-07 school year.

2005-07 Omnibus Operating Budget
Public Schools
Elementary/Secondary School Improv
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	0	42,817
2005-07 Maintenance Level	0.0	0	22,084
Total 2005-07 Biennium	0.0	0	22,084
Difference from 2003-05	0.0	0	-20,733
% Change from 2003-05	0.0%	0.0%	-48.4%

Comments:

2005-07 Omnibus Operating Budget
Public Schools
Institutional Education
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	36,902	36,902
2005-07 Maintenance Level	0.0	39,732	39,732
Policy Changes:			
1. Pension Method Change	0.0	-954	-954
Total Policy Changes	0.0	-954	-954
Total 2005-07 Biennium	0.0	38,778	38,778
Difference from 2003-05	0.0	1,876	1,876
% Change from 2003-05	0.0%	5.1%	5.1%

Comments:

1. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

2005-07 Omnibus Operating Budget
Public Schools
Ed of Highly Capable Students
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	13,446	13,446
2005-07 Maintenance Level	0.0	14,083	14,083
Policy Changes:			
1. Pension Method Change	0.0	-291	-291
Total Policy Changes	0.0	-291	-291
Total 2005-07 Biennium	0.0	13,792	13,792
Difference from 2003-05	0.0	346	346
% Change from 2003-05	0.0%	2.6%	2.6%

Comments:

1. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

2005-07 Omnibus Operating Budget
Public Schools
Student Achievement Program
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	0	409,642
2005-07 Maintenance Level	0.0	0	629,356
Total 2005-07 Biennium	0.0	0	629,356
Difference from 2003-05	0.0	0	219,714
% Change from 2003-05	0.0%	0.0%	53.6%

Comments:

2005-07 Omnibus Operating Budget
Public Schools
Education Reform
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	41.4	76,122	203,248
2005-07 Maintenance Level	42.2	78,280	202,554
Policy Changes:			
1. Responsibilities of K-12 Boards #	-3.0	-620	-620
2. Science WASL	0.0	4,471	4,471
3. Middle Management Reduction	-0.3	-26	-30
4. Eliminate Readiness to Learn Grants	0.0	-7,188	-7,188
5. Reading Corps	0.0	-7,426	-7,426
6. General Inflation	0.0	-47	-93
7. Principal Support Program	0.0	100	100
8. Assessment System Improvements #	0.0	4,445	4,445
9. Early Reading Grant Program	0.0	520	520
10. Reading Model Implementation	0.0	1,000	1,000
11. Focused Asst to High Sch and Dists	0.0	2,000	2,000
12. Diagnostic Assessments for Reading	0.0	500	500
Total Policy Changes	-3.3	-2,271	-2,321
Total 2005-07 Biennium	38.9	76,009	200,233
Difference from 2003-05	-2.5	-113	-3,015
% Change from 2003-05	-4.9%	-0.1%	-1.5%

Comments:

1. Responsibilities of K-12 Boards # - Consistent with SB 5732 (K-12 governance), funding for the Academic Achievement and Accountability Commission is eliminated.

2. Science WASL - In Fiscal Year 2006, there are insufficient federal funds to cover the federally mandated reading and math assessments in grades 3, 5, 6, and 8 and the development and implementation of a new science assessment which will be required by the federal government in 2008. For this reason, the costs to administer and score the Washington Assessment of Student Learning (WASL) for science are supported with state funding.

3. Middle Management Reduction - The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount.

4. Eliminate Readiness to Learn Grants - State funding for the Readiness to Learn grant program is eliminated.

5. Reading Corps - State funding for the Reading Corps Program is eliminated.

6. 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.

7. Principal Support Program - The Principal Support Program provides assistance, assessment, and mentoring to improve the skills of principals. Twenty-four additional principals will be served through the program in the 2005-07 Biennium. The additional funding is provided to serve middle and high school principals.

2005-07 Omnibus Operating Budget
Public Schools
Education Reform

8. Assessment System Improvements # - The 2004 Legislature, while defining the graduation requirements for 2008 to include demonstrated mastery of state standards, also provided policy support for multiple re-take opportunities for students and the development of options for an objective alternative assessment. Funding is provided for the development of options for an objective alternative assessment and for school districts to offer a late August or fall retake opportunity.

9. Early Reading Grant Program - Funding is provided for an Early Reading Grant Program for community-based initiatives that develop pre-reading and early reading skills through parental and community involvement, public awareness, coordination of resources, and partnerships with local school districts.

10. Reading Model Implementation - The Superintendent will provide to school districts reviews of reading curriculum programs and information and training on reading diagnostic assessments. In addition, regional leadership capacity will be developed to implement the state reading model and assessment system in areas of the state with the greatest need of assistance.

11. Focused Asst to High Sch and Dists - Funding is provided to expand the Focused Assistance Program to high schools and districts. This funding will be matched by a private, non-profit foundation.

12. Diagnostic Assessments for Reading - School districts will receive grants to purchase and implement diagnostic assessments for reading beginning in the 2006-07 school year.

2005-07 Omnibus Operating Budget
Public Schools
Transitional Bilingual Instruction
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	106,705	151,249
2005-07 Maintenance Level	0.0	126,603	172,164
Policy Changes:			
1. Pension Method Change	0.0	-3,318	-3,318
2. CAS Minimum Salary Allocation \$45K	0.0	2	2
Total Policy Changes	0.0	-3,316	-3,316
Total 2005-07 Biennium	0.0	123,287	168,848
Difference from 2003-05	0.0	16,582	17,599
% Change from 2003-05	0.0%	15.5%	11.6%

Comments:

1. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

2. CAS Minimum Salary Allocation \$45K - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about \$30,000 for each state-funded CAS full-time-equivalent (FTE) to about \$75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of \$45,000 in the 2006-07 school year, which will increase the allocations to twenty-three school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

2005-07 Omnibus Operating Budget
Public Schools
Learning Assistance Program (LAP)
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	130,023	431,345
2005-07 Maintenance Level	0.0	134,530	477,757
Policy Changes:			
1. Pension Method Change	0.0	-3,776	-3,776
2. Expand Learning Assistance Pgm #	0.0	29,510	29,510
Total Policy Changes	0.0	25,734	25,734
Total 2005-07 Biennium	0.0	160,264	503,491
Difference from 2003-05	0.0	30,241	72,146
% Change from 2003-05	0.0%	23.3%	16.7%

Comments:

1. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

2. Expand Learning Assistance Pgm # - The Learning Assistance Program (LAP) funding formula is changed to recognize the learning and instructional challenges in different districts by using poverty as a proxy measure. Districts will receive funding based on the percentage of students eligible for free or reduced price lunch. Districts with more than 40 percent of students eligible for free or reduced price lunch will receive additional funding to recognize the greater challenges in areas with a higher concentration of families living in poverty. Overall funding for the LAP program is increased to provide school districts with additional resources to serve high school students who have not met state standards on the 10th grade WASL. Funding is also provided so that districts that are projected to receive less funding under the new formula would still be allocated at least the same amount of LAP funding the district received in the 2004-05 school year.

2005-07 Omnibus Operating Budget
Public Schools
Compensation Adjustments
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	0	0
2005-07 Maintenance Level	0.0	138,975	139,581
Policy Changes:			
1. Health Benefit Changes	0.0	129,149	129,722
2. Pension Method Change	0.0	-4,530	-4,538
3. Expand Learning Assistance Pgm #	0.0	551	551
4. CAS Minimum Salary Allocation \$45K	0.0	4	4
Total Policy Changes	0.0	125,174	125,739
Total 2005-07 Biennium	0.0	264,149	265,320
Difference from 2003-05	0.0	264,149	265,320
% Change from 2003-05	0.0%	0.0%	0.0%

Comments:

1. Health Benefit Changes - Continued increases in health care costs are expected over the 2005-07 Biennium. The monthly allocation for health benefits is increased from \$582.47 per FTE staff in the 2004-05 school year to \$643.63 in the 2005-06 school year and to \$665 in the 2006-07 school year. (General Fund-State, General Fund-Federal)

2. Pension Method Change - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, various other funds)

3. Expand Learning Assistance Pgm # - Changes in the Learning Assistance Program (LAP) formula result in more state-funded staff salaries allocated to districts through the LAP program, which increases the cost of providing compensation changes.

4. CAS Minimum Salary Allocation \$45K - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about \$30,000 for each state-funded CAS full-time-equivalent (FTE) to about \$75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of \$45,000 in the 2006-07 school year, which will increase the allocations to twenty-three school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

2005-07 Omnibus Operating Budget
Public Schools
Common School Construction
 (Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	0	0
2005-07 Maintenance Level	0.0	0	0
Policy Changes:			
1. Transfers to School Construction	<u>0.0</u>	<u>0</u>	<u>135,245</u>
Total Policy Changes	0.0	0	135,245
Total 2005-07 Biennium	0.0	0	135,245
Difference from 2003-05	0.0	0	135,245
% Change from 2003-05	0.0%	0.0%	0.0%

Comments:

1. Transfers to School Construction - A total of \$30 million from the Education Savings Account and \$105.2 million from the Education Construction Account will be deposited in the Common School Construction Account for the state matching funds for K-12 school construction projects. (Education Construction Account, Education Savings Account)

2005-07 Omnibus Operating Budget
Higher Education Coordinating Board
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	78.7	325,131	342,486
2005-07 Maintenance Level	85.9	330,185	360,147
Policy Changes:			
1. Washington Scholars	0.0	105	105
2. Promise Scholarship	0.0	-277	-277
3. WAVE Program	0.0	-49	-49
4. State Work Study	0.0	0	3,071
5. Jefferson County Pilot Project	0.0	350	350
6. General Inflation	0.0	-14	-57
7. Conditional Scholarships	0.0	500	500
8. Foster Care Endowed Scholarship	0.0	150	150
9. State Need Grant	0.0	25,633	33,570
10. Part Time Student Financial Aid	0.0	500	500
Total Policy Changes	0.0	26,898	37,863
Total 2005-07 Biennium	85.9	357,083	398,010
Difference from 2003-05	7.3	31,952	55,524
% Change from 2003-05	8.9%	9.8%	16.2%

Comments:

1. Washington Scholars - Funding is provided for two students from each legislative district to receive a scholarship equivalent to four years of tuition at a public institution of higher education.

2. Promise Scholarship - Funding is provided to maintain the average grant award amount for the Promise Scholarship program at approximately 51 percent of community college tuition and fees. In FY 2006, it is assumed that eligibility for the graduating high school class of 2005 is limited to 120 percent of median family income (MFI) adjusted for family size. The eligibility for the graduating high school class of 2004 is retained at 135 percent of MFI.

3. WAVE Program - Funding for the Washington Award for Vocational Excellence (WAVE) is reduced, consistent with forecasted demand. Grants will still cover 100 percent of tuition and fees for eligible students.

4. State Work Study - Funding for the State Work Study Program is provided for additional enrollment and hold eligible students harmless from annual tuition increases. (Higher Education Legacy Trust Account)

5. Jefferson County Pilot Project - Continued funding is provided for a demonstration project to increase opportunities and participation in postsecondary education in rural areas of Jefferson County.

6. 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)

7. Conditional Scholarships - Funding is provided to support the Future Teachers' Conditional Scholarship and Loan Repayment Program. Priority will be given to individuals seeking certification or an additional endorsement in math, science, technology, or special education. Additional priority shall be given to individuals who are bilingual. It is the intent of the Legislature to develop a pool of dual-language teachers in order to meet the challenge of educating students who are dominant in languages other than English.

**2005-07 Omnibus Operating Budget
Higher Education Coordinating Board**

8. Foster Care Endowed Scholarship - Funding is provided to implement House Bill 1050 (foster care endowed scholarship program). The purpose of the program is to help current foster care youth, or foster care youth who have recently aged out of the program. attend an institution of higher education in the Washington.

9. State Need Grant - Funding for the State Need Grant Program is provided for additional enrollment and hold eligible students harmless from annual tuition increases. (General Fund-State, Higher Education Legacy Trust Account)

10. Part Time Student Financial Aid - Funding is provided to implement House Bill No. 1345 (part-time student financial aid). It is the intent of the Legislature that these funds be made available only to eligible students who are attending or planning on attending a Washington State public community or technical college. The Higher Education Coordinating Board may not expend more than the amount provided to implement the bill.

2005-07 Omnibus Operating Budget
University of Washington
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	19,684.1	636,750	3,630,263
2005-07 Maintenance Level	19,697.2	660,830	3,699,533
Policy Changes:			
1. Burke Museum Outreach	2.5	740	740
2. General Enrollments	60.0	0	24,786
3. Lower Division Planning Funds	0.0	200	200
4. Super Coalition Health Benefits	0.0	4,151	19,527
5. Classification Revisions	0.0	130	250
6. COLA-Nonrepresented	0.0	21,885	60,020
7. Nonrepresented Health Benefit Chnge	0.0	4,446	15,139
8. Salary Survey-Nonrep Staff	0.0	713	14,872
9. General Inflation	0.0	-7	-25,562
10. Other Fund Adjustments	0.0	0	-261
11. Bargaining Agreement with SEIU 925	0.0	3,705	3,705
12. Bargaining Agreement with WFSE Mast	0.0	1,256	1,256
13. Bargaining Agreement: WFSE Skilled	0.0	831	831
14. Bargaining Agreement with UW POA	0.0	152	152
15. Bargaining Agreement: UW Police Mgt	0.0	50	50
16. BioEngineering/Genome Sci Bldg O&M	0.0	0	3,241
17. Pension Rate for Gain-Sharing	0.0	-1,100	-1,112
18. Suspend Plan 1 UAAL Contributions	0.0	-2,743	-13,168
19. Maintenance and Operations Shift	0.0	-5,717	-5,717
20. Labor Center Research	0.0	60	60
21. Promotion of University Research	0.0	250	250
Total Policy Changes	62.5	29,002	99,259
Total 2005-07 Biennium	19,759.7	689,832	3,798,792
Difference from 2003-05	75.6	53,082	168,529
% Change from 2003-05	0.4%	8.3%	4.6%

Comments:

1. Burke Museum Outreach - Funding is provided to expand the Museum's public outreach capabilities. Enhanced staffing will enable the Museum to more effectively connect the collections research and content with the people of the state.

2. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 175 full-time equivalent (FTE) students at the Seattle campus in FY 2006 and by 175 full-time equivalent (FTE) students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 75 full-time equivalent (FTE) students in FY 2006 and 75 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of \$15,000 per FTE in FY 2006 and FY 2007.

Funding is provided to expand state-supported upper division enrollment slots by 137 full-time equivalent at the Tacoma campus, and 112 at the Bothell campus in FY 2006 and by 263 (of which 125 is lower division) full-time equivalent at the Tacoma campus, and 238 (of which 125 is lower division) at the Bothell campus in FY 2007. New budgeted enrollment for upper division resident undergraduate students is supported by the state at an average rate of \$10,000 per FTE in FY 2006 and FY 2007 and new enrollment for lower division resident undergraduate students is supported by the state at an average rate of \$6,303 per FTE in FY 2006 and FY 2007. (Higher Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

2005-07 Omnibus Operating Budget University of Washington

3. Lower Division Planning Funds - The University of Washington-Tacoma and University of Washington-Bothell are provided \$100,000 each to assist the transition from a branch campus serving upper-division students to a four-year campus serving freshmen, sophomores, and upper division students. These funds may be used to develop curricula, recruit new faculty, and expand student services. University of Washington-Tacoma and University of Washington-Bothell may begin enrolling lower-division students in Fall 2006.

4. Super Coalition Health Benefits - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

5. Classification Revisions - Funding is provided to continue to phase in the classification consolidation and revisions required by the Public Service Reform Act of 2002. Group 2 and Group 3 of the Department of Personnel's classification plan are to be consolidated during the 2005-07 biennium.

6. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, other funds)

7. Nonrepresented Health Benefit Chnge - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

8. Salary Survey-Nonrep Staff - Funding is provided for salary increases for those job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey.

9. 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.

10. Other Fund Adjustments - Funding is removed for the Forensic Pathology Fellowship Program. The program, previously sponsored by the University is no longer in existence.

11. Bargaining Agreement with SEIU 925 - Under the provisions of the Personnel System Reform Act of 2002, the University of Washington has negotiated a collective bargaining agreement with employees represented by SEIU 925.

12. Bargaining Agreement with WFSE Mast - Under the provisions of the Personnel System Reform Act of 2002, the University of Washington has negotiated a master collective bargaining agreement with employees represented by the Washington Federation of State Employees.

13. Bargaining Agreement: WFSE Skilled - Under the provisions of the Personnel System Reform Act of 2002, the University of Washington has negotiated a collective bargaining agreement with skilled trade employees represented by the Washington Federation of State Employees.

**2005-07 Omnibus Operating Budget
University of Washington**

14. Bargaining Agreement with UW POA - Under the provisions of the Personnel System Reform Act of 2002, the University of Washington has negotiated a collective bargaining agreement with police officers represented by the University of Washington Police Officers Association (POA).

15. Bargaining Agreement: UW Police Mgt - Under the provisions of the Personnel System Reform Act of 2002, the University of Washington has negotiated a collective bargaining agreement with police lieutenants and sergeants represented by the Washington Federation of State Employees.

16. BioEngineering/Genome Sci Bldg O&M - Funding is provided for the 2005-07 biennium to pay for operations and maintenance costs of the Bioengineering and Genome Sciences buildings that will come on line during the 2005-07 biennium. (Higher Education Legacy Trust Account)

17. Pension Rate for Gain-Sharing - Gain-sharing benefits in the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System are subject to prior approval, and are not pre-funded by contributions by employers to the retirement plans. Upon distribution of benefits, the changes in assets and liabilities are recognized and incorporated into future contribution rates. (General Fund-State, other funds)

18. Suspend Plan 1 UAAL Contributions - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, other funds)

19. Maintenance and Operations Shift - In addition to the fund shift that occurred in the 2003-05 biennial budget, an additional amount of the maintenance and operations budget for the University of Washington is moved from the General Fund to the Education Construction Account.

20. Labor Center Research - Funding is provided for research on labor and economic issues in Washington through the Harry Bridges Center.

21. Promotion of University Research - Funding is provided to the Institute for Learning and Brain Sciences (ILABS) to develop a partnership, linking ILABS to policymakers, private sectors and user-groups.

2005-07 Omnibus Operating Budget
Washington State University
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	5,593.8	375,588	864,949
2005-07 Maintenance Level	5,983.2	401,044	954,821
Policy Changes:			
1. General Enrollments	52.5	0	20,026
2. Lower Division Planning Funds	0.0	350	350
3. Super Coalition Health Benefits	0.0	6,488	8,527
4. Classification Revisions	0.0	350	408
5. COLA-Nonrepresented	0.0	15,140	19,705
6. Nonrepresented Health Benefit Chnge	0.0	4,752	6,620
7. Salary Survey-Nonrep Staff	0.0	815	1,254
8. General Inflation	0.0	-682	-4,610
9. Collective Bargaining - WFSE	0.0	409	854
10. Collective Bargaining - Police	0.0	50	50
11. Pension Rate for Gain-Sharing	0.0	-638	-638
12. Suspend Plan 1 UAAL Contributions	0.0	-1,928	-2,679
13. Maintenance and Operations Shift	0.0	-2,239	-2,239
14. Operating Costs/Exist Capital Proj	0.0	0	93
15. Veterinary Medicine	12.0	0	2,061
16. Lidded Grant Compensation Costs	0.0	319	0
Total Policy Changes	64.5	23,186	49,782
Total 2005-07 Biennium	6,047.7	424,230	1,004,603
Difference from 2003-05	454.0	48,642	139,654
% Change from 2003-05	8.1%	13.0%	16.1%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 256 full-time equivalent (FTE) students at the Pullman campus in FY 2006 and by 256 full-time equivalent (FTE) students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 44 full-time equivalent (FTE) students in FY 2006 and 44 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of \$15,000 per FTE in FY 2006 and FY 2007.

Funding is provided to expand state-supported upper division enrollment slots by 150 full-time equivalent at the Vancouver campus in FY 2006 and by 350 (of which 200 is lower division) full-time equivalent at the Vancouver campus, and 25 (all of which are lower division) at the Tri-Cities campus in FY 2007. New budgeted enrollment for upper division resident undergraduate students is supported by the state at an average rate of \$10,000 per FTE in FY 2006 and FY 2007 and new enrollment for lower division resident undergraduate students is supported by the state at an average rate of \$6,303 per FTE in FY 2006 and FY 2007. (Higher Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

2. Lower Division Planning Funds - WSU-Vancouver is provided \$350,000 to assist the transition from a branch campus serving upper-division students, to a four-year campus serving freshmen, sophomores, and upper-division students. Funds may be used to develop curricula, recruit new faculty, and expand student services. WSU-Vancouver may begin enrolling lower-division students beginning in Fall 2006.

**2005-07 Omnibus Operating Budget
Washington State University**

3. Super Coalition Health Benefits - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

4. Classification Revisions - Funding is provided to continue to phase in the classification consolidation and revisions required by the Public Service Reform Act of 2002. Group 2 and Group 3 of the Department of Personnel's classification plan are to be consolidated during the 2005-07 biennium.

5. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, other funds)

6. Nonrepresented Health Benefit Chnge - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

7. Salary Survey-Nonrep Staff - Funding is provided for salary increases for those job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey.

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. Collective Bargaining - WFSE - Washington State University bargained with the Washington Federation of State Employees (WFSE) which represents the following bargaining units: Bargaining Unit 1 - Research and extension units west of the Cascades; Bargaining Unit 5 - Library ; Bargaining Unit 11 - the Intercollegiate College of Nursing. The primary economic items negotiated were first and second year wages. All employees covered by the contract will receive a 3.2 percent wage increase effective July 1, 2005. The increase will be added to the employee's base rate of pay. All employees will also receive a 2 percent lump sum payment effective July 1, 2006. The 2 percent lump sum payment will not be added to the employee's base rate of pay. (General Fund-State, Institutions of Higher Education Grants and Contracts Account-Nonappropriated, Institutions of Higher Education Dedicated Local Account-Nonappropriated)

10. Collective Bargaining - Police - Washington State bargained with Bargaining Unit #4, representing police positions. The bargaining teams' agreement was ratified by the Washington State University Police Guild on September 28, 2004 and has been approved by the Washington State University Board of Regents.

11. Pension Rate for Gain-Sharing - Gain-sharing benefits in the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System are subject to prior approval, and are not pre-funded by contributions by employers to the retirement plans. Upon distribution of benefits, the changes in assets and liabilities are recognized and incorporated into future contribution rates. (General Fund-State, other funds)

**2005-07 Omnibus Operating Budget
Washington State University**

12. Suspend Plan 1 UAAL Contributions - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, other funds)

13. Maintenance and Operations Shift - In addition to the fund shift that occurred in the 2003-05 biennial budget, an additional amount of the maintenance and operations budget for Washington State University is moved from the General Fund to the Education Construction Account.

14. Operating Costs/Exist Capital Proj - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2005-07 biennium. Additional funds are also 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, 2007. (Higher Education Legacy Trust Account)

15. Veterinary Medicine - Due to declining participation by Oregon State University, funding is provided to Washington State University to expand the size of its entering professional veterinary medicine class by 16 resident students each academic year during the 2005-07 Biennium. Funding is sufficient to preserve high quality programs, to provide increased access to veterinary medical education for Washington residents, and to fully utilize the outstanding facilities and veterinary instructional resources in service to Washington stakeholders. (Higher Education Legacy Trust Account)

16. Lidded Grant Compensation Costs - Fund 143, the Higher Education Federal Appropriations Account, is lidded. For this reason, compensation cost increases are shifted to the General Fund.

2005-07 Omnibus Operating Budget
Eastern Washington University
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,143.4	83,277	160,432
2005-07 Maintenance Level	1,144.4	89,749	167,519
Policy Changes:			
1. General Enrollments	37.5	0	14,348
2. Super Coalition Health Benefits	0.0	887	974
3. Classification Revisions	0.0	15	24
4. COLA-Nonrepresented	0.0	2,773	3,436
5. Nonrepresented Health Benefit Chnge	0.0	773	950
6. Salary Survey-Nonrep Staff	0.0	136	136
7. General Inflation	0.0	-17	-516
8. Collective Bargaining Unit #1	0.0	817	905
9. Collective Bargaining Unit #2	0.0	161	175
10. Pension Rate for Gain-Sharing	0.0	-160	-160
11. Suspend Plan 1 UAAL Contributions	0.0	-496	-558
12. Maintenance and Operations Shift	0.0	-491	-491
13. Operating Costs/Exist Capital Proj	0.0	0	222
Total Policy Changes	37.5	4,398	19,445
Total 2005-07 Biennium	1,181.9	94,147	186,964
Difference from 2003-05	38.5	10,870	26,532
% Change from 2003-05	3.4%	13.1%	16.5%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 432 full-time equivalent (FTE) students in FY 2006 and 432 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 18 full-time equivalent FTE students in FY 2006 and 18 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of \$15,000 per FTE in FY 2006 and FY 2007. (Higher Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

2. Super Coalition Health Benefits - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

3. Classification Revisions - Funding is provided to continue to phase in the classification consolidation and revisions required by the Public Service Reform Act of 2002. Group 2 and Group 3 of the Department of Personnel's classification plan are to be consolidated during the 2005-07 biennium.

4. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, other funds)

**2005-07 Omnibus Operating Budget
Eastern Washington University**

5. Nonrepresented Health Benefit Chnge - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

6. Salary Survey-Nonrep Staff - Funding is provided for salary increases for those job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey.

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. Collective Bargaining Unit #1 - Funding is provided for the collective bargaining agreement with the Washington Federation of State Employees Bargaining Unit #1. The agreement covers all non-supervisory classified persons employed at Eastern Washington University.

9. Collective Bargaining Unit #2 - Funding is provided for the collective bargaining agreement with the Washington Federation of State Employees Bargaining Unit #2. The agreement covers all supervisory classified persons employed at Eastern Washington University.

10. Pension Rate for Gain-Sharing - Gain-sharing benefits in the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System are subject to prior approval, and are not pre-funded by contributions by employers to the retirement plans. Upon distribution of benefits, the changes in assets and liabilities are recognized and incorporated into future contribution rates. (General Fund-State, other funds)

11. Suspend Plan 1 UAAL Contributions - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, other funds)

12. Maintenance and Operations Shift - In addition to the fund shift that occurred in the 2003-05 biennial budget, an additional amount of the maintenance and operations budget for Eastern Washington University is moved from the General Fund to the Education Construction Account.

13. Operating Costs/Exist Capital Proj - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2005-07 biennium. (Higher Education Legacy Trust Account)

2005-07 Omnibus Operating Budget
Central Washington University
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,120.3	81,861	181,742
2005-07 Maintenance Level	1,140.3	87,838	200,243
Policy Changes:			
1. General Enrollments	37.5	0	13,490
2. Super Coalition Health benefits	0.0	665	753
3. COLA-Nonrepresented	0.0	3,294	3,613
4. Nonrepresented Health Benefit Chnge	0.0	1,260	1,421
5. General Inflation	0.0	-50	-451
6. Pension Rate for Gain-Sharing	0.0	-190	-190
7. Suspend Plan 1 UAAL Contributions	0.0	-602	-667
8. Maintenance and Operations Shift	0.0	-536	-536
9. Collective Bargaining Agreements	0.0	1,961	2,066
Total Policy Changes	37.5	5,802	19,499
Total 2005-07 Biennium	1,177.8	93,640	219,742
Difference from 2003-05	57.5	11,779	38,000
% Change from 2003-05	5.2%	14.4%	20.9%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 432 full-time equivalent (FTE) students in FY 2006 and 432 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 18 full-time equivalent FTE students in FY 2006 and 18 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of \$15,000 per FTE in FY 2006 and FY 2007. (Higher Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

2. Super Coalition Health benefits - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

3. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, other funds)

4. Nonrepresented Health Benefit Chnge - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

**2005-07 Omnibus Operating Budget
Central Washington University**

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. Pension Rate for Gain-Sharing - Gain-sharing benefits in the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System are subject to prior approval, and are not pre-funded by contributions by employers to the retirement plans. Upon distribution of benefits, the changes in assets and liabilities are recognized and incorporated into future contribution rates. (General Fund-State, other funds)

7. Suspend Plan 1 UAAL Contributions - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, other funds)

8. Maintenance and Operations Shift - Consistent with the 2003-05 Biennial Budget, a portion of Central Washington University's maintenance and operations budget is moved from the General Fund to the Education Construction Account.

9. Collective Bargaining Agreements - Central Washington University (CWU) is represented by the Washington Federation of State Employees union Local 330. As of August 5, 2004, CWU is employing slightly more than 600 classified staff, some of whom are members of one of the two separate bargaining units. Bargaining Unit I is a union shop and has 168 dues-paying members. The employees in this shop are from the trades, custodian, dining services, police, printing and duplicating, gardener, and athletic trainer classes. Bargaining Unit II is an open shop and has 193 members, of which only a few pay dues. The employees in this shop are from the clerical, secretarial, computer operator, conference coordinator, word processing, retail clerk, library technician, library specialist, health care specialist, and credentials evaluator classes. The remainder of the classified staff, 245 employees, are not represented. These classes include accountants, budget analysts, human resource representatives, and supervisors. (Institutions of Higher Education-Grants and Contracts Account-Nonappropriated, Institutions of Higher Education-Dedicated Local Account-Nonappropriated)

2005-07 Omnibus Operating Budget
The Evergreen State College
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	634.8	46,801	90,972
2005-07 Maintenance Level	647.6	49,352	96,094
Policy Changes:			
1. General Enrollments	22.5	0	4,576
2. Super Coalition Health benefits	0.0	625	650
3. WFSE COLA/Salary Survey	0.0	724	746
4. COLA-Nonrepresented	0.0	1,646	1,699
5. Nonrepresented Health Benefit Chnge	0.0	475	491
6. Salary Survey-Nonrep Staff	0.0	36	36
7. General Inflation	0.0	-10	-322
8. Pension Rate for Gain-Sharing	0.0	-120	-120
9. Suspend Plan 1 UAAL Contributions	0.0	-345	-355
10. Immigrant Student Study	0.0	50	50
11. Maintenance and Operations Shift	0.0	-168	-168
Total Policy Changes	22.5	2,913	7,283
Total 2005-07 Biennium	670.1	52,265	103,377
Difference from 2003-05	35.3	5,464	12,405
% Change from 2003-05	5.5%	11.7%	13.6%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 118 full-time equivalent (FTE) students in FY 2006 and 118 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 7 full-time equivalent FTE students in FY 2006 and 7 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of \$15,000 per FTE in FY 2006 and FY 2007. (Higher Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

2. Super Coalition Health benefits - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

3. WFSE COLA/Salary Survey - The Governor's Office of Labor Relations negotiated this contract with the Higher Education Washington Federation of State Employees. It provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind market.

4. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, other funds)

**2005-07 Omnibus Operating Budget
The Evergreen State College**

5. Nonrepresented Health Benefit Chnge - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

6. Salary Survey-Nonrep Staff - Funding is provided for salary increases for those job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey.

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. Pension Rate for Gain-Sharing - Gain-sharing benefits in the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System are subject to prior approval, and are not pre-funded by contributions by employers to the retirement plans. Upon distribution of benefits, the changes in assets and liabilities are recognized and incorporated into future contribution rates. (General Fund-State, other funds)

9. Suspend Plan 1 UAAL Contributions - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, other funds)

10. Immigrant Student Study - Funding is provided for the Institute of Public Policy to conduct an analysis of the availability, services, and effectiveness of programs in community and technical colleges that serve the educational needs of recent immigrant students who are not proficient in English and who are or have been enrolled in high school but have not met graduation requirements.

11. Maintenance and Operations Shift - Consistent with the 2003-05 Biennial Budget, a portion of the The Evergreen State College's maintenance and operations budget is moved from the General Fund to the Education Construction Account.

2005-07 Omnibus Operating Budget
Spokane Intercol Rsch & Tech Inst
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	26.2	2,819	3,950
2005-07 Maintenance Level	22.9	2,885	3,338
Policy Changes:			
1. COLA-Nonrepresented	0.0	95	95
2. General Inflation	0.0	-8	-16
3. SIRTI Technology Center	1.0	0	950
Total Policy Changes	1.0	87	1,029
Total 2005-07 Biennium	23.9	2,972	4,367
Difference from 2003-05	-2.3	153	417
% Change from 2003-05	-7.7%	5.4%	10.6%

Comments:

1. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, various other 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. (General Fund-State, Institutions of Higher Education - Dedicated Local Account-Nonappropriated)

3. SIRTI Technology Center - Funding from the Spokane Intercollegiate Research and Technology Institute's (SIRTI) private foundation will be used to operate the new technology center, which is scheduled to open in the spring of 2005. (Institutions of Higher Education - Dedicated Local Account-Nonappropriated)

2005-07 Omnibus Operating Budget
Western Washington University
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	1,604.8	109,597	254,574
2005-07 Maintenance Level	1,692.8	115,926	282,816
Policy Changes:			
1. General Enrollments	22.5	0	6,249
2. Super Coalition Health Benefits	0.0	1,209	1,467
3. Classification Revisions	0.0	75	75
4. COLA-Nonrepresented	0.0	4,720	5,314
5. Nonrepresented Health Benefit Chnge	0.0	1,716	2,029
6. Salary Survey-Nonrep Staff	0.0	210	236
7. General Inflation	0.0	-26	-686
8. Pension Rate for Gain-Sharing	0.0	-250	-250
9. Suspend Plan 1 UAAL Contributions	0.0	-720	-855
10. Maintenance and Operations Shift	0.0	-800	-800
11. Operating Costs/Exist Capital Proj	0.0	0	191
12. Bargaining Unit A - WFSE/Clerical	0.0	347	511
13. Bargaining Unit B - WFSE/Trades	0.0	358	358
14. Bargaining Unit C-WPEA/Professional	0.0	430	607
15. Bargaining Unit E - WFSE/Sup Unit B	0.0	38	38
16. Transfer NSIS to SBCTC	0.0	-1,960	-1,960
Total Policy Changes	22.5	5,347	12,524
Total 2005-07 Biennium	1,715.3	121,273	295,340
Difference from 2003-05	110.5	11,676	40,766
% Change from 2003-05	6.9%	10.7%	16.0%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 190 full-time equivalent (FTE) students in FY 2006 and 190 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 10 full-time equivalent FTE students in FY 2006 and 10 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of \$15,000 per FTE in FY 2006 and FY 2007. (Higher Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

2. Super Coalition Health Benefits - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

3. Classification Revisions - Funding is provided to continue to phase in the classification consolidation and revisions required by the Public Service Reform Act of 2002. Group 2 and Group 3 of the Department of Personnel's classification plan are to be consolidated during the 2005-07 biennium.

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4. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, other funds)

5. Nonrepresented Health Benefit Chnge - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

6. Salary Survey-Nonrep Staff - Funding is provided for salary increases for those job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey.

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. Pension Rate for Gain-Sharing - Gain-sharing benefits in the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System are subject to prior approval, and are not pre-funded by contributions by employers to the retirement plans. Upon distribution of benefits, the changes in assets and liabilities are recognized and incorporated into future contribution rates. (General Fund-State, other funds)

9. Suspend Plan 1 UAAL Contributions - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, other funds)

10. Maintenance and Operations Shift - Consistent with the 2003-05 Biennial Budget, a portion of Western Washington University's maintenance and operations budget is moved from the General Fund to the Education Construction Account.

11. Operating Costs/Exist Capital Proj - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2005-07 biennium. (Higher Education Legacy Trust Account)

12. Bargaining Unit A - WFSE/Clerical - Compensation request amounts will be submitted as an update to Western's September 1, 2004 budget submittal to OFM, after bargaining processes have ended and upon OFM director certification of Western's bargained agreements.

13. Bargaining Unit B - WFSE/Trades - Compensation request amounts will be submitted as an update to Western's September 1, 2004 budget submittal to OFM, after bargaining processes have ended and upon OFM director certification of Western's bargained agreements.

14. Bargaining Unit C-WPEA/Professional - Compensation request amounts will be submitted as an update to Western's September 1, 2004 budget submittal to OFM, after bargaining processes have ended and upon OFM director certification of Western's bargained agreements.

**2005-07 Omnibus Operating Budget
Western Washington University**

15. Bargaining Unit E - WFSE/Sup Unit B - Compensation request amounts will be submitted as an update to Western's September 1, 2004 budget submittal to OFM, after bargaining processes have ended and upon OFM director certification of Western's bargained agreements.

16. Transfer NSIS to SBCTC - Management and leadership responsibility for consortium operations are transferred from Western Washington University and assigned to Everett Community College.

2005-07 Omnibus Operating Budget
Community/Technical College System
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	13,927.2	1,033,854	1,904,155
2005-07 Maintenance Level	15,345.4	1,095,032	2,040,854
Policy Changes:			
1. Enrollment Increase	75.0	0	52,465
2. Adult Basic Education	0.0	0	5,000
3. WPEA COLA/Salary Survey	0.0	4,568	6,470
4. Super Coalition Health benefits	0.0	8,822	11,039
5. WFSE COLA/Salary Survey	0.0	5,251	7,145
6. Classification Revisions	0.0	119	125
7. COLA-Nonrepresented	0.0	18,226	21,577
8. Nonrepresented Health Benefit Chnge	0.0	13,716	15,547
9. Salary Survey-Nonrep Staff	0.0	635	839
10. General Inflation	0.0	-1,284	-5,593
11. Faculty Increments	0.0	0	4,500
12. Part-Time Faculty Equity	0.0	0	4,500
13. Pension Rate for Gain-Sharing	0.0	-2,322	-2,322
14. Suspend Plan 1 UAAL Contributions	0.0	-5,794	-7,195
15. Maintenance and Operations Shift	0.0	-5,048	-5,048
16. Operating Costs/Exist Capital Proj	0.0	0	3,432
17. State Board Office Lease	0.0	354	354
18. Transfer NSIS to SBCTC	0.0	1,960	1,960
Total Policy Changes	75.0	39,203	114,795
Total 2005-07 Biennium	15,420.3	1,134,235	2,155,649
Difference from 2003-05	1,493.1	100,381	251,494
% Change from 2003-05	10.7%	9.7%	13.2%

Comments:

1. Enrollment Increase - Funding is provided to expand state-supported general enrollment slots by 2438 full-time equivalent (FTE) students in FY 2006 and 2687 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$5,400 per FTE in FY 2006 and FY 2007. (Higher Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

2. Adult Basic Education - The appropriation of \$5 million will add approximately \$125 per FTE student to sustain the more than 19,000 adult basic education FTE students currently being served by the system. (Higher Education Legacy Trust Account)

3. WPEA COLA/Salary Survey - The Governor's Office of Labor Relations negotiated this contract with the Higher Education Washington Public Employee Association. It provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind market.

2005-07 Omnibus Operating Budget Community/Technical College System

4. Super Coalition Health benefits - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

5. WFSE COLA/Salary Survey - The Governor's Office of Labor Relations negotiated this contract with the Higher Education Washington Federation of State Employees. It provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind market.

6. Classification Revisions - Funding is provided to continue to phase in the classification consolidation and revisions required by the Public Service Reform Act of 2002. Group 2 and Group 3 of the Department of Personnel's classification plan are to be consolidated during the 2005-07 biennium.

7. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, other funds)

8. Nonrepresented Health Benefit Chnge - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

9. Salary Survey-Nonrep Staff - Funding is provided for salary increases for those job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey.

10. 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.

11. Faculty Increments - State funding and salary turnover savings authority are combined to help community and technical colleges fund increments to full-time faculty. (Higher Education Legacy Trust Account)

12. Part-Time Faculty Equity - Funding is provided to help provide salary equity for part-time instructors at the community and technical colleges. (Higher Education Legacy Trust Account)

13. Pension Rate for Gain-Sharing - Gain-sharing benefits in the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System are subject to prior approval, and are not pre-funded by contributions by employers to the retirement plans. Upon distribution of benefits, the changes in assets and liabilities are recognized and incorporated into future contribution rates. (General Fund-State, other funds)

**2005-07 Omnibus Operating Budget
Community/Technical College System**

14. Suspend Plan 1 UAAL Contributions - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, other funds)

15. Maintenance and Operations Shift - Consistent with the 2003-05 Biennial Budget, a portion of the State Board's maintenance and operations budget is moved from the General Fund to the Education Construction Account.

16. Operating Costs/Exist Capital Proj - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2005-07 biennium. Additional funds are also 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, 2007. (Higher Education Legacy Trust Account)

17. State Board Office Lease - A lease rate adjustment is provided to the State Board for Community and Technical Colleges. Additionally, \$35,000 in one-time funds are provided to assist the Board with any move related expenses.

18. Transfer NSIS to SBCTC - Management and leadership responsibility for consortium operations are transferred from Western Washington University and assigned to Everett Community College.

2005-07 Omnibus Operating Budget
State School for the Blind
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	82.2	9,377	10,712
2005-07 Maintenance Level	82.0	9,933	11,269
Policy Changes:			
1. Middle Management Reduction	-0.6	-55	-55
2. General Inflation	0.0	-34	-35
3. Distance Learning	1.0	210	210
Total Policy Changes	0.5	121	120
Total 2005-07 Biennium	82.5	10,054	11,389
Difference from 2003-05	0.3	677	677
% Change from 2003-05	0.0%	7.2%	6.3%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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. Distance Learning - Funding is provided for digital classroom access to specialized training through the use of current and future technology.

2005-07 Omnibus Operating Budget
State School for the Deaf
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	124.4	15,299	15,531
2005-07 Maintenance Level	124.2	16,654	16,886
Policy Changes:			
1. Middle Management Reduction	-0.6	-55	-55
2. General Inflation	0.0	-64	-64
Total Policy Changes	-0.6	-119	-119
Total 2005-07 Biennium	123.7	16,535	16,767
Difference from 2003-05	-0.8	1,236	1,236
% Change from 2003-05	0.0%	8.1%	8.0%

Comments:

1. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

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.

2005-07 Omnibus Operating Budget
Work Force Trng & Educ Coord Board
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	22.8	3,303	57,605
2005-07 Maintenance Level	22.8	3,385	57,737
Policy Changes:			
1. General Inflation	0.0	-19	-26
2. Eliminate INTEC	0.0	-968	-968
Total Policy Changes	0.0	-987	-994
Total 2005-07 Biennium	22.8	2,398	56,743
Difference from 2003-05	0.0	-905	-862
% Change from 2003-05	0.0%	-27.4%	-1.5%

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. (General Fund-State, General Fund-Federal)

2. Eliminate INTEC - The Inland Northwest Technology Center (INTEC) program is eliminated. INTEC provides state funds for economic development through public-private partnerships for business generation and development through the Inland Northwest Technology Education Center.

2005-07 Omnibus Operating Budget
Washington State Arts Commission
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	16.6	4,527	5,553
2005-07 Maintenance Level	16.6	4,625	5,926
Policy Changes:			
1. General Inflation	0.0	-10	-11
2. Art Program Oversight	1.0	0	0
Total Policy Changes	1.0	-10	-11
Total 2005-07 Biennium	17.6	4,615	5,915
Difference from 2003-05	1.0	88	362
% Change from 2003-05	5.9%	1.9%	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. Art Program Oversight - Increased Capital Budget activity necessitates an additional project manager to enable the commission to develop and manage public art programs. The funding for the position comes from a Capital Budget allocation for program administrative costs.

2005-07 Omnibus Operating Budget
Washington State Historical Society
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	51.4	4,918	7,698
2005-07 Maintenance Level	49.4	5,297	7,186
Policy Changes:			
1. General Inflation	0.0	-26	-72
2. Lewis and Clark Bicentennial	0.2	33	33
Total Policy Changes	0.2	7	-39
Total 2005-07 Biennium	49.6	5,304	7,147
Difference from 2003-05	-1.8	386	-551
% Change from 2003-05	-2.0%	7.8%	-7.2%

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. Lewis and Clark Bicentennial - From October 2005 to May 2006, seven Washington communities will host the Corps of Discovery II, a national traveling exhibit that offers a unique opportunity to learn about the Lewis and Clark Expedition and its significance in American History. Funding is provided for one part time staff and for planning and implementing local programming in each host community.

2005-07 Omnibus Operating Budget
East Wash State Historical Society
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	23.5	2,926	2,926
2005-07 Maintenance Level	37.3	3,112	5,887
Policy Changes:			
1. General Inflation	<u>0.0</u>	<u>-11</u>	<u>-32</u>
Total Policy Changes	0.0	-11	-32
Total 2005-07 Biennium	37.3	3,101	5,855
Difference from 2003-05	13.8	175	2,929
% Change from 2003-05	54.2%	6.0%	100.1%

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.

2005-07 Omnibus Operating Budget
Bond Retirement and Interest
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	1,236,903	1,438,962
2005-07 Maintenance Level	0.0	1,389,422	1,574,575
Policy Changes:			
1. New Debt 2005-07 Capital Budget	0.0	27,200	27,200
2. General Inflation	0.0	-14	-171
Total Policy Changes	0.0	27,186	27,029
Total 2005-07 Biennium	0.0	1,416,608	1,601,604
Difference from 2003-05	0.0	179,705	162,642
% Change from 2003-05	0.0%	14.5%	11.3%

Comments:

1. New Debt 2005-07 Capital Budget - Debt service and bond sale expenses will be incurred for new debt issued to fund the 2005-07 Biennium capital plan proposed by the House.

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 the performance of their mission.

2005-07 Omnibus Operating Budget
Special Approps to the Governor
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	45,624	108,420
2005-07 Maintenance Level	0.0	18,800	22,800
Policy Changes:			
1. Governor's Emergency Fund	0.0	500	500
2. K-20 Telecommunications Network	0.0	-3,420	-420
3. Sex Offender Sentencing Impact	0.0	837	837
4. Small Agency Info Technology Pool	0.0	500	500
5. Capitol Building Construction Acct	0.0	1,600	1,600
6. State Purchasing Strategy	0.0	-25,000	-25,000
7. Base Realignment and Closure Assist	0.0	150	150
8. Life Science #	0.0	500	500
9. Mission Critical Staff	0.0	4,000	4,000
10. Individual Developmt Acct (HB 1408)	0.0	1,021	1,021
11. Mental Health Task Force (HB 1290)	0.0	50	50
12. County Public Health Assistance	0.0	0	48,000
13. Extraordinary Criminal Justice Cost	0.0	0	70
14. Eliminate Double-Filled Positions	0.0	-4,000	-4,000
Total Policy Changes	0.0	-23,262	27,808
Total 2005-07 Biennium	0.0	-4,462	50,608
Difference from 2003-05	0.0	-50,086	-57,812
% Change from 2003-05	0.0%	-109.8%	-53.3%

Comments:

1. Governor's Emergency Fund - Funding is provided for the implementation of Second Substitute House Bill 1758 (revising public disclosure law). If legislation is not enacted by June 30, 2005, the bill lapses.

2. K-20 Telecommunications Network - Funding is provided from Qwest settlement proceeds for the on-going operational costs and equipment replacement expenses of the K-20 Educational Network (K-20) for the universities, community and technical colleges, educational service districts, public school districts and public libraries. (Education Technology Revolving Account)

3. Sex Offender Sentencing Impact - In 2004, the Legislature passed House Bill 2400 (Chapter 176, Laws of 2004), which makes improvements to the Special Sex Offender Sentencing Alternative (SSOSA). Funding is provided to counties to pay for increased jail time and annual hearings for offenders sentenced under the SSOSA.

4. Small Agency Info Technology Pool - Funds are provided for deposit into the Data Processing Revolving Account for a Small Agency Information Technology Pool to accomplish the following strategies: IT technical/security and facility assessments; critical IT infrastructure equipment acquisition; and resource-sharing of IT infrastructure through co-location with larger agencies or migration to DIS centralized e-mail and server hosting services.

5. Capitol Building Construction Acct - Funds are provided for a one-time transfer to the to the Capitol Building Construction Account. Reduced timber sales (as projected in the November 2004 forecast) result in a revenue shortfall to the Capitol Building Construction Account.

6. State Purchasing Strategy - A new Strategic Sourcing initiative will enable state government to purchase goods and services in a more cost-effective manner. This effort will include an analysis of all aspects of the state purchasing process.

2005-07 Omnibus Operating Budget Special Approps to the Governor

7. Base Realignment and Closure Assist - Funding is provided for grants to support projects in Island County, Kitsap County, Pierce County, Snohomish County, and Spokane County when a military base in that county is at risk of being identified for closure on the federal base realignment and closure process. The Office of Financial Management shall establish a process for selecting projects for funding based on criteria used to determine the federal base realignment and closure list as well as recommendations by the Department of Community, Trade, and Economic Development and the Military Department. Final allocation of the grants shall be at the discretion and with the approval of the director of the Office of Financial Management.

8. Life Science # - Funding is provided in FY 2006 for start-up costs of the Life Sciences Discovery Fund Authority. Funding is provided as a loan to be repaid upon the Authority's receipt in 2008 of Stratgetic Contribution Payments under the Master Settlement Agreement with the major tobacco manufacturers.

9. Mission Critical Staff - Funding is provided for mission critical staff positions through out state government that would otherwise be eliminated due to budget reductions contained in individual agencies. None of these funds may be used, directly or indirectly, to increase employee compensation. The Director of Financial Management may increase agency allotments to reflect this item.

10. Individual Developmt Acct (HB 1408) - Appropriated specifically for the Individual Development Account. Funding is provided for the implementation of Substitute House Bill No. 1408 (individual development account). If the legislation is not enacted by June 30, 2005, the funding lapses. (General Fund)

11. Mental Health Task Force (HB 1290) - Funds are provided for the task force created in Engrossed Second Substitute House Bill No. 1290 (community mental health). If Engrossed Second Substitute House Bill 1290 is not enacted by June 30, 2005, the amounts provided shall lapse.

12. County Public Health Assistance - Assistance is provided to local public health districts to support essential public health services. The Department of Community, Trade and Economic Development will distribute funds to local public health jurisdictions. (Health Services Account-State)

13. Extraordinary Criminal Justice Cost - Funding is provided to assist a county experiencing extraordinary costs in a criminal justice case.

14. Eliminate Double-Filled Positions - This reduction reflects General Fund-State savings resulting from the elimination of agency exempt employee positions that have been double-filled by two or more employees. The Director of Financial Management shall reduce agency allotments to reflect the savings.

2005-07 Omnibus Operating Budget
State Employee Compensation Adjust
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	6	-2,529
2005-07 Maintenance Level	0.0	24,480	35,346
Policy Changes:			
1. WFSE COLA/Salary Survey	0.0	53,428	117,229
2. WPEA COLA/Salary Survey	0.0	4,609	10,528
3. Teamsters' COLA/Salary Survey	0.0	20,938	20,941
4. UFCW COLA/Salary Survey	0.0	0	1,138
5. Local 17 COLA/Salary Survey	0.0	241	241
6. 1199 COLA/Sal Surv/Addtl Step	0.0	3,916	5,678
7. Coalition COLA/Salary Survey	0.0	1,627	5,183
8. Super Coalition Health Benefits	0.0	59,108	104,524
9. Classification Revisions	0.0	1,710	2,976
10. COLA-Nonrepresented	0.0	31,053	63,549
11. Nonrepresented Health Benefit Chnge	0.0	9,754	19,119
12. Salary Survey-Nonrep Staff	0.0	8,581	16,807
13. Pension Rate for Gain-Sharing	0.0	-15,222	-28,986
14. Suspend Plan 1 UAAL Contributions	0.0	-48,071	-91,876
Total Policy Changes	0.0	131,672	247,051
Total 2005-07 Biennium	0.0	156,152	282,397
Difference from 2003-05	0.0	156,146	284,926
% Change from 2003-05	0.0%	2602433.3%	-11266.4%

Comments:

1. WFSE COLA/Salary Survey - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees. It provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind the market rate of compensation. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

2. WPEA COLA/Salary Survey - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association. The contract provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind the market rate of compensation. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

3. Teamsters' COLA/Salary Survey - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the International Brotherhood of Teamsters. The contract provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 2.9 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind the market rate of compensation. (General Fund-State, Public Safety and Education Account-State)

4. UFCW COLA/Salary Survey - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the United Food and Commercial Workers. The contract provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. (Liquor Revolving Account-State)

**2005-07 Omnibus Operating Budget
State Employee Compensation Adjust**

5. Local 17 COLA/Salary Survey - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the International Federation of Professional and Technical Engineers Local 17. The contract provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind the market rate of compensation. (General Fund-State)

6. 1199 COLA/Sal Surv/Addt'l Step - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. The contract provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Funding is also provided to implement changes to the salary grid, including an extra step added to salary range "N." (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

7. Coalition COLA/Salary Survey - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Coalition of employee unions with fewer than 500 members. The contract provides a cost-of-living adjustment of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind the market rate of compensation. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

8. Super Coalition Health Benefits - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

9. Classification Revisions - Funding is provided to continue to phasing in the classification consolidation and revisions required by the Public Service Reform Act of 2002. Group Two and Group Three of the Department of Personnel's classification plan are to be consolidated during the 2005-07 biennium. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

10. COLA-Nonrepresented - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005 and 1.6 percent on September 1, 2006 to non-represented employees. (General Fund-State, other funds)

11. Nonrepresented Health Benefit Chnge - Funding is provided for the current health benefit package and level of cost-sharing during the 2005-07 biennium for both represented and non-represented employees. The employer funding rates for represented employees were established through collective bargaining in September 2004 and will be \$663/month for FY 2006 and \$744/month for FY 2007. The employer funding rate for non-represented employees will be \$663/month in FY 2006. An updated financial forecast for the Insurance Account indicates additional resources will be available, allowing the funding rate for non-represented employees to be set at \$618 per month in FY 2007. The projected average employee contribution will be held at 12 percent of the total cost of the medical benefit based on an annual rate of inflation of 8.5 percent. If actual costs increase more than expected, a reserve of additional funds is available to fund health benefits in order to cover the additional cost of inflation up to a maximum of 11 percent. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

12. Salary Survey-Nonrep Staff - Funding is provided for salary increases for job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

13. Pension Rate for Gain-Sharing - Gain-sharing benefits in the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System are subject to prior approval, and are not pre-funded by contributions by employers to the retirement plans. Upon distribution of benefits, the changes in assets and liabilities are recognized and incorporated into future contribution rates. (General Fund-State, other funds)

**2005-07 Omnibus Operating Budget
State Employee Compensation Adjust**

14. Suspend Plan 1 UAAL Contributions - Funding levels are adjusted to reflect the pension funding policy proposal under which the statutes related to gainsharing benefits in Plan 1 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are modified to require legislative approval of payments and allow recognition of gainsharing benefit costs at the time of disbursement. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS, and employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in the Public Employees' Retirement System and Teachers' Retirement System Plans 1 are suspended during the 2005-07 biennium. The employee contribution rates in FY 2006 are 2.50 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. (General Fund-State, other funds)

2005-07 Omnibus Operating Budget
Contributions to Retirement Systems
(Dollars in Thousands)

	FTEs	House Chair GF-S	Total
2003-05 Estimated Expenditures	0.0	54,660	54,660
2005-07 Maintenance Level	0.0	81,400	81,400
Total 2005-07 Biennium	0.0	81,400	81,400
Difference from 2003-05	0.0	26,740	26,740
% Change from 2003-05	0.0%	48.9%	48.9%

Comments:

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168	350	061	Public Schools - Learning Assistance Program (LAP)
169	350	714	Public Schools - Compensation Adjustments
170	350	CSC	Public Schools - Common School Construction
171	343		Higher Education Coordinating Board
173	360		University of Washington
176	365		Washington State University
179	370		Eastern Washington University
181	375		Central Washington University
183	376		The Evergreen State College
185	377		Spokane Intercollegiate Research & Tech Inst
186	380		Western Washington University
189	699		Community & Technical College System
192	351		School for the Blind, State
193	353		School for the Deaf, State
194	354		Work Force Training & Education Coordinating Board
195	387		Arts Commission, Washington State
196	390		Historical Society, Washington State
197	395		Eastern Washington State Historical Society
198	010		Bond Retirement & Interest
199	076		Special Appropriations to the Governor
201	713		Employee Compensation Adjustments, State
204	740		Retirement Systems, Contributions to

2005

2007



House of Representatives
Office of Program Research