

**2005-07 BIENNIAL &
2005 SUPPLEMENTAL
CONFERENCE COMMITTEE
OPERATING BUDGET
STATEWIDE
SUMMARY AND
AGENCY DETAIL**

APRIL 23, 2005

**PREPARED BY THE OFFICE OF
PROGRAM RESEARCH**

**2005-07 Omnibus Operating Budget
Conference Proposal**
(Dollars in Thousands)

April 23, 2005
3:42 am

	FTEs	GF-S	Total
Legislative	835.4	141,120	148,253
Judicial	596.1	95,869	192,483
Governmental Operations	7,894.5	455,855	3,184,240
Other Human Services	15,338.6	1,574,974	4,153,863
DSHS	17,984.2	7,884,647	17,217,792
Natural Resources	5,876.2	365,277	1,297,209
Transportation	817.5	70,464	145,788
Public Schools	280.6	10,914,763	13,147,661
Higher Education	46,082.9	2,910,607	8,115,412
Other Education	335.6	43,974	105,940
Special Appropriations	0.0	1,500,021	1,736,187
Total Budget Bill	96,041.4	25,957,571	49,444,828
Appropriations in Other Legislation	0.0	4,246	17,136
Statewide Total	96,041.4	25,961,817	49,461,964

2005-07 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

April 23, 2005
3:42 am

	FTEs	GF-S	Total
Legislative			
House of Representatives	393.3	61,311	61,311
Senate	297.1	48,621	48,621
Jt Leg Audit & Review Committee	17.6	4,484	4,484
LEAP Committee	15.0	3,658	3,658
Office of the State Actuary	11.5	0	3,013
Joint Legislative Systems Comm	50.0	14,536	16,380
Statute Law Committee	51.0	8,510	10,786
Total Legislative	835.4	141,120	148,253
Judicial			
Supreme Court	63.4	12,431	12,431
State Law Library	13.8	4,031	4,031
Court of Appeals	144.6	28,224	28,224
Commission on Judicial Conduct	9.5	2,162	2,162
Office of Administrator for Courts	354.3	39,738	115,485
Office of Public Defense	9.5	3,568	16,743
Office of Civil Legal Aid	1.0	5,715	13,407
Total Judicial	596.1	95,869	192,483
Total Legislative/Judicial	1,431.5	236,989	340,736

2005-07 Omnibus Operating Budget
Conference Proposal
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3:42 am

	FTEs	GF-S	Total
Governmental Operations			
Office of the Governor	72.4	10,879	16,935
Office of the Lieutenant Governor	8.0	1,518	1,519
Public Disclosure Commission	24.5	3,998	3,998
Office of the Secretary of State	290.3	36,425	117,285
Governor's Office of Indian Affairs	2.5	566	566
Asian-Pacific-American Affrs	2.0	473	473
Office of the State Treasurer	72.2	0	14,124
Office of the State Auditor	282.8	4,325	50,242
Comm Salaries for Elected Officials	1.4	343	343
Office of the Attorney General	1,104.0	10,379	205,976
Caseload Forecast Council	7.0	1,433	1,433
Dept of Financial Institutions	169.0	0	37,490
Dept Community, Trade, Econ Dev	347.5	133,274	455,865
Economic & Revenue Forecast Council	5.2	1,090	1,090
Office of Financial Management	270.8	33,043	105,466
Office of Administrative Hearings	166.9	0	29,540
Department of Personnel	213.3	0	54,332
State Lottery Commission	145.1	0	735,244
Washington State Gambling Comm	166.9	0	29,954
WA State Comm on Hispanic Affairs	2.0	485	485
African-American Affairs Comm	2.0	477	477
Personnel Appeals Board	5.5	0	1,043
Department of Retirement Systems	272.4	0	49,396
State Investment Board	72.0	0	16,020
Public Printer	137.8	0	65,767
Department of Revenue	1,064.7	181,272	193,271
Board of Tax Appeals	12.5	2,573	2,573
Municipal Research Council	0.0	0	4,921
Minority & Women's Business Enterp	17.0	0	3,186
Dept of General Administration	573.3	554	132,990
Department of Information Services	434.0	0	210,065
Office of Insurance Commissioner	206.7	0	40,926
State Board of Accountancy	9.3	0	1,962
Forensic Investigations Council	0.0	0	282
Washington Horse Racing Commission	28.5	0	8,609
WA State Liquor Control Board	1,024.1	3,445	193,548
Utilities and Transportation Comm	154.0	0	32,848
Board for Volunteer Firefighters	3.8	0	843
Military Department	285.4	19,446	270,001
Public Employment Relations Comm	42.7	5,600	8,545
LEOFF 2 Retirement Board	6.0	0	1,908
Growth Management Hearings Board	12.0	3,158	3,158
State Convention and Trade Center	161.0	0	76,982
Archaeology & Historic Preservation	16.6	1,099	2,559
Total Governmental Operations	7,894.5	455,855	3,184,240

2005-07 Omnibus Operating Budget
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	FTEs	GF-S	Total
Other Human Services			
WA State Health Care Authority	277.3	0	622,448
Human Rights Commission	47.7	5,230	6,971
Bd of Industrial Insurance Appeals	158.4	0	32,817
Criminal Justice Training Comm	38.2	0	19,611
Department of Labor and Industries	2,637.6	15,202	525,846
Indeterminate Sentence Review Board	9.2	2,188	2,188
Home Care Quality Authority	4.0	2,012	3,046
Department of Health	1,309.1	128,575	879,077
Department of Veterans' Affairs	614.0	25,915	86,058
Department of Corrections	7,994.9	1,390,181	1,422,637
Dept of Services for the Blind	67.3	3,826	21,023
Sentencing Guidelines Commission	10.4	1,725	1,725
Department of Employment Security	2,170.7	120	530,416
Total Other Human Services	15,338.6	1,574,974	4,153,863

2005-07 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

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	FTEs	GF-S	Total
DSHS			
Children and Family Services	2,464.7	517,355	951,420
Juvenile Rehabilitation	1,127.0	160,312	211,414
Mental Health	3,231.2	844,678	1,373,046
Developmental Disabilities	3,320.8	770,056	1,460,555
Long-Term Care	1,154.9	1,228,339	2,517,105
Economic Services Administration	4,441.7	984,247	2,262,160
Alcohol & Substance Abuse	98.1	124,191	303,922
Medical Assistance Payments	1,084.5	3,077,313	7,767,870
Vocational Rehabilitation	346.9	22,552	111,691
Administration/Support Svcs	564.3	62,843	120,745
Payments to Other Agencies	0.0	92,761	137,864
Information System Services	150.4	0	0
Total DSHS	17,984.2	7,884,647	17,217,792
Total Human Services	33,322.8	9,459,621	21,371,655

2005-07 Omnibus Operating Budget
Conference Proposal
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	FTEs	GF-S	Total
Natural Resources			
Columbia River Gorge Commission	10.8	949	1,809
Department of Ecology	1,483.7	80,992	389,058
WA Pollution Liab Insurance Program	7.1	0	2,001
State Parks and Recreation Comm	709.9	69,196	117,480
Interagency Comm for Outdoor Rec	28.1	2,815	25,983
Environmental Hearings Office	9.0	2,121	2,121
State Conservation Commission	12.3	4,488	8,663
Dept of Fish and Wildlife	1,516.8	90,296	304,656
Department of Natural Resources	1,430.2	92,977	341,863
Department of Agriculture	668.5	21,443	103,575
Total Natural Resources	5,876.2	365,277	1,297,209

2005-07 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

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	FTEs	GF-S	Total
Transportation			
Washington State Patrol	568.0	66,791	105,040
Department of Licensing	249.5	3,673	40,748
Total Transportation	817.5	70,464	145,788

**2005-07 Omnibus Operating Budget
Conference Proposal**
(Dollars in Thousands)

April 23, 2005
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	FTEs	GF-S	Total
Public Schools			
OSPI & Statewide Programs	240.2	46,163	126,128
General Apportionment	0.0	8,423,967	8,423,967
Pupil Transportation	0.0	490,745	490,745
School Food Services	0.0	6,306	403,566
Special Education	1.5	931,993	1,367,457
Educational Service Districts	0.0	7,418	7,418
Levy Equalization	0.0	357,167	357,167
Elementary/Secondary School Improv	0.0	0	22,084
Institutional Education	0.0	38,757	38,757
Ed of Highly Capable Students	0.0	13,786	13,786
Student Achievement Program	0.0	0	629,356
Education Reform	38.9	83,503	207,808
Transitional Bilingual Instruction	0.0	123,208	168,769
Learning Assistance Program (LAP)	0.0	130,801	498,633
Compensation Adjustments	0.0	260,949	262,283
Common School Construction	0.0	0	129,737
Total Public Schools	280.6	10,914,763	13,147,661

2005-07 Omnibus Operating Budget
Conference Proposal
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	FTEs	GF-S	Total
Higher Education			
Higher Education Coordinating Board	85.9	329,346	422,262
University of Washington	19,759.7	680,762	3,774,690
Washington State University	6,048.0	418,364	993,508
Eastern Washington University	1,181.9	93,206	181,700
Central Washington University	1,177.8	92,118	214,410
The Evergreen State College	670.1	51,760	102,083
Spokane Intercol Rsch & Tech Inst	23.9	2,922	4,317
Western Washington University	1,715.3	119,410	292,378
Community/Technical College System	15,420.3	1,122,719	2,130,064
Total Higher Education	46,082.9	2,910,607	8,115,412
Other Education			
State School for the Blind	82.5	10,384	11,719
State School for the Deaf	123.7	17,032	17,264
Work Force Trng & Educ Coord Board	22.8	2,456	56,843
Washington State Arts Commission	17.6	4,671	5,972
Washington State Historical Society	51.9	6,165	8,063
East Wash State Historical Society	37.3	3,266	6,079
Total Other Education	335.6	43,974	105,940
Total Education	46,699.1	13,869,344	21,369,013

2005-07 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

April 23, 2005
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	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	-4,587	50,483
State Employee Compensation Adjust	0.0	4,400	500
Contributions to Retirement Systems	0.0	83,600	83,600
Total Special Appropriations	0.0	1,500,021	1,736,187

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	388.3	57,146	57,191
2005-07 Maintenance Level	393.3	60,241	60,241
Policy Changes:			
1. COLA-Nonrepresented	0.0	1,544	1,544
2. Nonrepresented Health Benefit Chg	0.0	475	475
3. General Inflation	0.0	-131	-131
4. Pension Rate for Gain-Sharing	0.0	-230	-230
5. Fiscal Stability Study	0.0	150	150
6. Suspend Plan 1 UAAL Contributions	0.0	-763	-763
7. Children/Family Services Task Force	0.0	25	25
Total Policy Changes	0.0	1,070	1,070
Total 2005-07 Biennium	393.3	61,311	61,311
Difference from 2003-05	5.0	4,165	4,120
% Change from 2003-05	1.3%	7.3%	7.2%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Fiscal Stability Study - Funding is provided to conduct a study of state fiscal stability that will develop recommendations to create a sustainable system of state and local finance.

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

**2005-07 Omnibus Operating Budget
House of Representatives**

7. Children/Family Services Task Force - Funding is provided for Senate Bill 5872, establishing a Joint Task Force on Children & Family Services.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	297.1	45,820	45,865
2005-07 Maintenance Level	297.1	48,015	48,020
Policy Changes:			
1. COLA-Nonrepresented	0.0	1,056	1,056
2. Nonrepresented Health Benefit Chg	0.0	332	332
3. General Inflation	0.0	-69	-74
4. Pension Rate for Gain-Sharing	0.0	-172	-172
5. Suspend Plan 1 UAAL Contributions	0.0	-566	-566
6. Children/Family Services Task Force	0.0	25	25
Total Policy Changes	0.0	606	601
Total 2005-07 Biennium	297.1	48,621	48,621
Difference from 2003-05	0.0	2,801	2,756
% Change from 2003-05	0.0%	6.1%	6.0%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

6. Children/Family Services Task Force - Funding is provided for Senate Bill 5872, establishing a Joint Task Force on Children & Family Services.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	17.5	3,642	3,642
2005-07 Maintenance Level	17.5	3,745	3,745
Policy Changes:			
1. COLA-Nonrepresented	0.0	82	82
2. Nonrepresented Health Benefit Chg	0.0	24	24
3. General Inflation	0.0	-7	-7
4. Student Transportation Study	0.0	125	125
5. Government Performance (HB 1064)	0.1	86	86
6. Pension Rate for Gain-Sharing	0.0	-14	-14
7. Job Development Fund (HB 1903)	0.0	188	188
8. Suspend Plan 1 UAAL Contributions	0.0	-45	-45
9. Technology Budgeting Process	0.0	100	100
10. Assess Facilities for Treatment Use	0.0	100	100
11. Basic Health Plan Study	0.0	100	100
Total Policy Changes	0.1	739	739
Total 2005-07 Biennium	17.6	4,484	4,484
Difference from 2003-05	0.1	842	842
% Change from 2003-05	0.0%	23.1%	23.1%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. 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.

5. 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.

6. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Jt Leg Audit & Review Committee**

7. 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.

8. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

9. 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.

10. Assess Facilities for Treatment Use - Senate Bill No. 5763 (treatment of mental disorders) directs the Joint Legislative Audit and Review Committee (JLARC) to conduct a study of regional jail facilities. This item funds the contracted consultant costs of this study.

11. Basic Health Plan Study - Funding is provided for a study of the state's Basic Health Plan.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	15.0	3,451	3,451
2005-07 Maintenance Level	15.0	3,621	3,621
Policy Changes:			
1. COLA-Nonrepresented	0.0	93	93
2. Nonrepresented Health Benefit Chg	0.0	20	20
3. General Inflation	0.0	-9	-9
4. Pension Rate for Gain-Sharing	0.0	-16	-16
5. Suspend Plan 1 UAAL Contributions	0.0	-51	-51
Total Policy Changes	0.0	37	37
Total 2005-07 Biennium	15.0	3,658	3,658
Difference from 2003-05	0.0	207	207
% Change from 2003-05	0.0%	6.0%	6.0%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	11.5	0	2,645
2005-07 Maintenance Level	11.5	0	2,785
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	66
2. Nonrepresented Health Benefit Chg	0.0	0	17
3. General Inflation	0.0	0	-9
4. Actuarial Valuation System	0.0	0	200
5. Pension Rate for Gain-Sharing	0.0	0	-10
6. Suspend Plan 1 UAAL Contributions	0.0	0	-36
Total Policy Changes	0.0	0	228
Total 2005-07 Biennium	11.5	0	3,013
Difference from 2003-05	0.0	0	368
% Change from 2003-05	0.0%	0.0%	13.9%

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.

2. Nonrepresented Health Benefit Chg - 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.

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

5. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	48.0	13,629	15,442
2005-07 Maintenance Level	50.0	14,347	16,157
Policy Changes:			
1. COLA-Nonrepresented	0.0	212	241
2. Nonrepresented Health Benefit Chg	0.0	59	67
3. General Inflation	0.0	-75	-80
4. Competitive Salary Adjustments	0.0	138	159
5. Pension Rate for Gain-Sharing	0.0	-34	-38
6. Suspend Plan 1 UAAL Contributions	0.0	-111	-126
Total Policy Changes	0.0	189	223
Total 2005-07 Biennium	50.0	14,536	16,380
Difference from 2003-05	2.0	907	938
% Change from 2003-05	4.2%	6.7%	6.1%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. 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)

5. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	51.0	7,914	10,161
2005-07 Maintenance Level	51.0	8,418	10,715
Policy Changes:			
1. COLA-Nonrepresented	0.0	188	188
2. Nonrepresented Health Benefit Chg	0.0	65	65
3. General Inflation	0.0	-38	-59
4. Pension Rate for Gain-Sharing	0.0	-28	-28
5. Suspend Plan 1 UAAL Contributions	0.0	-95	-95
Total Policy Changes	0.0	92	71
Total 2005-07 Biennium	51.0	8,510	10,786
Difference from 2003-05	0.0	596	625
% Change from 2003-05	0.0%	7.5%	6.2%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	61.9	11,339	11,339
2005-07 Maintenance Level	61.9	12,028	12,028
Policy Changes:			
1. COLA-Nonrepresented	0.0	346	346
2. Nonrepresented Health Benefit Chg	0.0	94	94
3. General Inflation	0.0	-5	-5
4. Access to Justice	1.5	200	200
5. Pension Rate for Gain-Sharing	0.0	-56	-56
6. Suspend Plan 1 UAAL Contributions	0.0	-176	-176
Total Policy Changes	1.5	403	403
Total 2005-07 Biennium	63.4	12,431	12,431
Difference from 2003-05	1.5	1,092	1,092
% Change from 2003-05	1.6%	9.6%	9.6%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Access to Justice - Funding is provided for one and a half staff for the Access to Justice Board (AJB). The AJB was created by court rule in 2000, and state funding is needed to continue services previously provided by volunteers. Recently, the AJB has taken on a greater coordinating role, doing statewide planning to improve civil indigent legal services.

5. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	13.8	4,127	4,127
2005-07 Maintenance Level	13.8	4,000	4,000
Policy Changes:			
1. COLA-Nonrepresented	0.0	46	46
2. Nonrepresented Health Benefit Chg	0.0	21	21
3. General Inflation	0.0	-3	-3
4. Pension Rate for Gain-Sharing	0.0	-8	-8
5. Suspend Plan 1 UAAL Contributions	0.0	-25	-25
Total Policy Changes	0.0	31	31
Total 2005-07 Biennium	13.8	4,031	4,031
Difference from 2003-05	0.0	-96	-96
% Change from 2003-05	0.0%	-2.3%	-2.3%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	141.1	25,814	25,814
2005-07 Maintenance Level	141.6	27,405	27,405
Policy Changes:			
1. COLA-Nonrepresented	0.0	740	740
2. Nonrepresented Health Benefit Chg	0.0	205	205
3. General Inflation	0.0	-84	-84
4. Salary Reclassification	0.0	120	120
5. Additional Staff	3.0	293	293
6. Division III Security	0.0	28	28
7. Division III Local Hearings	0.0	16	16
8. Pension Rate for Gain-Sharing	0.0	-120	-120
9. Suspend Plan 1 UAAL Contributions	0.0	-379	-379
Total Policy Changes	3.0	819	819
Total 2005-07 Biennium	144.6	28,224	28,224
Difference from 2003-05	3.5	2,410	2,410
% Change from 2003-05	2.8%	9.3%	9.3%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Salary Reclassification - Funding is provided for salary reclassifications for Judicial Administrative Assistants and Commissioner Administrative Assistants. The Court of Appeals provided evidence that these positions have turnover issues and that their salary is more than 25 percent lower than comparable positions at other agencies. The level of funding provided will bring these salaries up to 25 percent of comparable positions. This is consistent with the approach used in the collective bargaining agreement "salary survey" adjustments made by Governor for represented employees at executive agencies. Also, funding is provided in the Office of the Administrator for the Courts budget to contract with the Department of Personnel (DOP) for a more comprehensive salary survey of all judicial agencies, so that judicial salary reclassifications can be reconsidered in future budget requests. The DOP has provided similar functions for other non-executive agencies in the past, such as the House of Representatives. In addition, 5 percent merit increments are funded at the maintenance level, and cost of living increases of 3.2 percent effective beginning Fiscal Year 2006 and 1.6 percent effective beginning Fiscal Year 2007 for judicial employees are funded in the special appropriations section of the Senate budget.

2005-07 Omnibus Operating Budget Court of Appeals

5. Additional Staff - Funding is provided to partially restore across-the-board cuts made to staffing levels at the Court of Appeals (COA) during the 2003-05 biennium. Adding three staff will enable the COA to maintain its current staff to workload ratio, preventing additional delays in turnaround.

6. Division III Security - Funding is provided to insure staffing of metal detectors and x-ray equipment at Division III, on days the court is in session. Security staffing will improve public safety during appellate proceedings, and make the level of security at Division III consistent with the other divisions. Although security equipment is now in place, staffing was cut by the Court of Appeals as a budget measure during the 2003-05 biennium.

7. Division III Local Hearings - Funding is provided to allow the COA Division III to resume hearing oral arguments in cities other than Spokane several times per year, in locations such as Yakima and the Tri-Cities. This service was cut back in response to across-the-board cuts during the 2003-05 biennium. Division III is the largest of the three geographic divisions, and includes most of eastern Washington. By traveling to these locations a few times per year, the COA can save higher combined travel costs for local prosecutors, attorneys general, and appellate defense attorneys.

8. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

9. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	9.5	1,848	1,848
2005-07 Maintenance Level	9.5	2,104	2,106
Policy Changes:			
1. COLA-Nonrepresented	0.0	46	46
2. Nonrepresented Health Benefit Chg	0.0	10	10
3. General Inflation	0.0	-8	-10
4. Computer Replacement	0.0	38	38
5. Pension Rate for Gain-Sharing	0.0	-6	-6
6. Suspend Plan 1 UAAL Contributions	0.0	-22	-22
Total Policy Changes	0.0	58	56
Total 2005-07 Biennium	9.5	2,162	2,162
Difference from 2003-05	0.0	314	314
% Change from 2003-05	0.0%	17.0%	17.0%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Computer Replacement - Funding is provided to replace and upgrade the Commission's aging computers, servers, firewall, and related software. The agency cannot absorb this cost without holding vacancies.

5. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	347.8	36,043	111,799
2005-07 Maintenance Level	352.8	38,766	100,041
Policy Changes:			
1. COLA-Nonrepresented	0.0	921	1,827
2. Nonrepresented Health Benefit Chg	0.0	256	507
3. General Inflation	0.0	-60	-295
4. Office Consolidation	0.0	0	390
5. JIS Migration Phase III Development	0.0	0	9,700
6. Equipment Replacement	0.0	0	3,890
7. Court Interpreter Enhancements	1.0	0	143
8. CASA/GAL Program Support	0.0	300	300
9. Pension Rate for Gain-Sharing	0.0	-150	-298
10. Suspend Plan 1 UAAL Contributions	0.0	-469	-969
11. JIS Costs to Implement Legislation	0.0	0	75
12. Superior Ct Judge-Skagit (HB 1112)	0.5	164	164
13. Contract for Salary Survey	0.0	10	10
Total Policy Changes	1.5	972	15,444
Total 2005-07 Biennium	354.3	39,738	115,485
Difference from 2003-05	6.5	3,695	3,686
% Change from 2003-05	1.7%	10.3%	3.3%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Office Consolidation - Funding is provided for office relocation and renovations to facilitate co-location and consolidation. (Public Safety and Education Account-State)

5. JIS Migration Phase III Development - Dedicated funding is provided for the OAC to continue Phase III of the Judicial Information System (JIS) Migration. JIS serves all court levels in the state. Phase III is necessary for OAC to replace its legacy mainframe court case management systems which no longer meet the business needs of the courts. (Judicial Information Systems Account-State)

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

6. 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 to replace personal computers and printers. (Public Safety and Education Account-State)

7. Court Interpreter Enhancements - Funding is provided for grants to local courts for additional court interpreter training. The training is necessary to produce a greater number of qualified court language interpreters.

8. CASA/GAL Program Support - Funding is provided to expand training and support for the Dependency Court Appointed Special Advocate (CASA)/Guardian ad Litem (GAL) programs serving abused and neglected children throughout the state. Funds will be distributed to local CASA programs in accordance with a formula established by the State's Juvenile Court Administrators.

9. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

10. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

12. 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.

13. Contract for Salary Survey - Funding is provided to contract with the Department of Personnel (DOP) for a comprehensive salary survey of all judicial agencies, so that judicial salary reclassifications can be reconsidered in future budget requests. The DOP has provided similar functions for other non-executive agencies in the past, such as the House of Representatives.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	5.5	1,550	14,349
2005-07 Maintenance Level	5.5	1,792	14,864
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	30
2. Nonrepresented Health Benefit Chg	0.0	0	9
3. General Inflation	0.0	-24	-261
4. Equalization of Attorney Pay	0.0	0	158
5. Attorney Vendor Rate Increase	0.0	0	124
6. Dependency and Termination Program#	4.0	1,800	1,800
7. Rate Change for Court Reporter	0.0	0	39
8. Pension Rate for Gain-Sharing	0.0	0	-4
9. Suspend Plan 1 UAAL Contributions	0.0	0	-16
Total Policy Changes	4.0	1,776	1,879
Total 2005-07 Biennium	9.5	3,568	16,743
Difference from 2003-05	4.0	2,018	2,394
% Change from 2003-05	66.7%	130.2%	16.7%

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.

2. Nonrepresented Health Benefit Chg - 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.

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

5. Attorney Vendor Rate Increase - Funding is provided 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)

6. 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)

**2005-07 Omnibus Operating Budget
Office of Public Defense**

7. Rate Change for Court Reporter - Funding is provided for an inflationary adjustment to contracted court reporters, in an amount similar to that provided in other vendor rate increases. Court reporters prepare the verbatim reports of proceedings for indigent appellate cases and are compensated on a per page rate set by the Washington Supreme Court. The last rate increase for these services was granted on July 1, 1995. (Public Safety and Education Account-State)

8. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

9. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	0.0	0	0
2005-07 Maintenance Level	0.0	0	0
Policy Changes:			
1. Transfer Civil Legal Svcs (HB 1747)	1.0	5,715	13,407
Total Policy Changes	1.0	5,715	13,407
Total 2005-07 Biennium	1.0	5,715	13,407
Difference from 2003-05	1.0	5,715	13,407
% Change from 2003-05	0.0%	0.0%	0.0%

Comments:

1. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	57.2	7,846	12,882
2005-07 Maintenance Level	68.7	9,571	14,768
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. COLA-Nonrepresented	0.0	212	317
6. Nonrepresented Health Benefit Chg	0.0	62	99
7. PSWQ Expenditures	0.0	0	26
8. General Inflation	0.0	-33	-46
9. Early Learning Council (HB 1152)	1.5	350	350
10. Hood Canal Program (ESHB 2097)	0.0	200	200
11. Pension Rate for Gain-Sharing	0.0	-34	-50
12. Suspend Plan 1 UAAL Contributions	0.0	-117	-173
13. Oil Spill Advisory Council	2.0	0	508
14. Salmon Recovery Office	0.0	0	0
15. Ocean Policy Review Commission	0.0	200	200
Total Policy Changes	3.7	1,308	2,167
Total 2005-07 Biennium	72.4	10,879	16,935
Difference from 2003-05	15.2	3,033	4,053
% Change from 2003-05	26.3%	38.7%	31.5%

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. 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.

**2005-07 Omnibus Operating Budget
Office of the Governor**

6. Nonrepresented Health Benefit Chg - 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.

7. 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)

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. 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.

10. Hood Canal Program (ESHB 2097) - Funding is provided to implement Engrossed Substitute House Bill 2097 (establishing a management program for Hood Canal rehabilitation). The bill designates Puget Sound Action Team (PSAT) as the state lead agency for the Hood Canal rehabilitation program, and the Hood Canal Coordinating Council (HCCC) as the local management board for the program.

11. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

12. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

13. Oil Spill Advisory Council - Funding is provided for implementation of Senate Bill 5432, creating the Oil Spill Advisory Council (Oil Spill Prevention Account).

14. Salmon Recovery Office - A portion of the funding for the Office of Salmon Recovery is shifted from the second year of the biennium to the first year to equalize the funding between the fiscal years.

15. Ocean Policy Review Commission - Funding is provided for a review of ocean policy issues. By December, 2006, the Governor's office shall provide a report summarizing the condition of Washington's ocean resources, recommend improvements in coordination between state agencies and other jurisdictions, recommend measures to protect and manage ocean resources, and recommend measures to finance ocean protection, management, and development programs.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	8.0	1,106	1,106
2005-07 Maintenance Level	8.0	1,202	1,202
Policy Changes:			
1. Legislative and Community Liaison	0.0	300	300
2. COLA-Nonrepresented	0.0	27	30
3. Nonrepresented Health Benefit Chg	0.0	10	10
4. General Inflation	0.0	-2	-2
5. Pension Rate for Gain-Sharing	0.0	-4	-4
6. Suspend Plan 1 UAAL Contributions	0.0	-15	-17
Total Policy Changes	0.0	316	317
Total 2005-07 Biennium	8.0	1,518	1,519
Difference from 2003-05	0.0	412	413
% Change from 2003-05	0.0%	37.3%	37.3%

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. 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.

3. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	24.5	3,597	3,597
2005-07 Maintenance Level	24.5	3,912	3,912
Policy Changes:			
1. COLA-Nonrepresented	0.0	90	90
2. Nonrepresented Health Benefit Chg	0.0	33	33
3. Salary Survey-Nonrep Staff	0.0	36	36
4. General Inflation	0.0	-9	-9
5. Pension Rate for Gain-Sharing	0.0	-14	-14
6. Suspend Plan 1 UAAL Contributions	0.0	-50	-50
Total Policy Changes	0.0	86	86
Total 2005-07 Biennium	24.5	3,998	3,998
Difference from 2003-05	0.0	401	401
% Change from 2003-05	0.0%	11.1%	11.1%

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.

2. Nonrepresented Health Benefit Chg - 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.

3. 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	272.3	41,693	108,813
2005-07 Maintenance Level	271.3	35,704	85,663
Policy Changes:			
1. Middle Management Reduction	-4.4	-244	-479
2. WFSE COLA/Salary Survey	0.0	0	147
3. Super Coalition Health Benefits	0.0	0	129
4. Classification Revisions	0.0	22	23
5. COLA-Nonrepresented	0.0	583	789
6. Nonrepresented Health Benefit Chg	0.0	238	581
7. Salary Survey-Nonrep Staff	0.0	343	379
8. General Inflation	0.0	-340	-441
9. Digital Archive Technology	0.0	0	1,343
10. Grants to Local Government Agencies	0.0	0	300
11. Security Microfilm Project - Local	6.5	0	740
12. Realignment of Funding Splits	0.0	0	0
13. Help America Vote Act-HAVA Funding	6.6	0	27,000
14. Records Management Training	1.0	0	89
15. Archives Processing & Operations	6.0	0	1,012
16. Pass Through Adjustment for TVW	0.0	161	161
17. Pension Rate for Gain-Sharing	0.0	-94	-146
18. State Library Grant	0.3	0	125
19. Suspend Plan 1 UAAL Contributions	0.0	-317	-499
20. County Election Reviews	3.0	369	369
Total Policy Changes	19.0	721	31,622
Total 2005-07 Biennium	290.3	36,425	117,285
Difference from 2003-05	18.0	-5,268	8,472
% Change from 2003-05	6.6%	-12.6%	7.8%

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. 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.

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.

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

4. 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.

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.

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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. 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)

10. 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)

11. Security Microfilm Project - Local - Funding is provided 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)

12. 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)

13. 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)

14. 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)

15. Archives Processing & Operations - Funding is provided for the State Archives and the five regional archives to repackage and reorganize a portion of their current archival collections to ensure the collections' long-term preservation. (Archives and Records Management Account, Local Government Archives Account).

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

16. Pass Through Adjustment for TVW - The funding level for Public Affairs Broadcasting is adjusted to reflect changes in the implicit price deflator.

17. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

18. 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)

19. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

20. County Election Reviews - Funding is provided for the implementation of House Bill No. 1749 (county election procedures). If legislation is not enacted by June 30, 2005, the funding lapses.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	2.3	475	475
2005-07 Maintenance Level	2.3	485	485
Policy Changes:			
1. Office Relocation	0.0	54	54
2. COLA-Nonrepresented	0.0	10	10
3. Nonrepresented Health Benefit Chg	0.0	4	4
4. General Inflation	0.0	-2	-2
5. Pension Rate for Gain-Sharing	0.0	-2	-2
6. Suspend Plan 1 UAAL Contributions	0.0	-5	-5
7. Workload Adjustment	0.2	22	22
Total Policy Changes	0.2	81	81
Total 2005-07 Biennium	2.5	566	566
Difference from 2003-05	0.2	91	91
% Change from 2003-05	0.0%	19.2%	19.2%

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. 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.

3. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Governor's Office of Indian Affairs**

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

7. Workload Adjustment - The Governor's Office of Indian Affairs is experiencing increased demand from the public to serve as a liaison between tribal communities and agencies within state government. Funding is appropriated to increase their deputy director position to full-time and provide additional travel funding for GOIA to meet these needs.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1.8	393	393
2005-07 Maintenance Level	1.8	454	454
Policy Changes:			
1. COLA-Nonrepresented	0.0	8	8
2. Nonrepresented Health Benefit Chg	0.0	3	3
3. General Inflation	0.0	-2	-2
4. Pension Rate for Gain-Sharing	0.0	-2	-2
5. Suspend Plan 1 UAAL Contributions	0.0	-5	-5
6. Workload Adjustment	0.2	17	17
Total Policy Changes	0.2	19	19
Total 2005-07 Biennium	2.0	473	473
Difference from 2003-05	0.2	80	80
% Change from 2003-05	0.0%	20.4%	20.4%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

**2005-07 Omnibus Operating Budget
Asian-Pacific-American Affrs**

6. Workload Adjustment - The Commission on Asian-Pacific-American Affairs is experiencing increased demand from the public to serve as a liaison between Asian-Pacific-Americans in Washington State and agencies within state government. Funding is appropriated to increase the executive assistant position to full-time and provide additional funding for the Commission to meet these needs.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	72.9	0	13,564
2005-07 Maintenance Level	73.2	0	13,865
Policy Changes:			
1. Middle Management Reduction	-1.0	0	-112
2. Classification Revisions	0.0	0	3
3. COLA-Nonrepresented	0.0	0	333
4. Nonrepresented Health Benefit Chg	0.0	0	96
5. Salary Survey-Nonrep Staff	0.0	0	208
6. General Inflation	0.0	0	-31
7. Pension Rate for Gain-Sharing	0.0	0	-56
8. Suspend Plan 1 UAAL Contributions	0.0	0	-182
Total Policy Changes	-1.0	0	259
Total 2005-07 Biennium	72.2	0	14,124
Difference from 2003-05	-0.8	0	560
% Change from 2003-05	-1.4%	0.0%	4.1%

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. 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.

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.

4. Nonrepresented Health Benefit Chg - 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.

5. 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

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

8. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	283.4	1,522	45,572
2005-07 Maintenance Level	283.4	1,478	47,209
Policy Changes:			
1. Middle Management Reduction	-3.1	-12	-335
2. COLA-Nonrepresented	0.0	38	1,261
3. Nonrepresented Health Benefit Chg	0.0	10	121
4. Salary Survey-Nonrep Staff	0.0	0	118
5. General Inflation	0.0	-2	-86
6. Government Performance (HB 1064)	2.5	2,825	2,827
7. Pension Rate for Gain-Sharing	0.0	-6	-204
8. Suspend Plan 1 UAAL Contributions	0.0	-22	-685
9. Special Education Study	0.0	16	16
Total Policy Changes	-0.6	2,847	3,033
Total 2005-07 Biennium	282.8	4,325	50,242
Difference from 2003-05	-0.6	2,803	4,670
% Change from 2003-05	0.0%	184.2%	10.2%

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. 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.

3. Nonrepresented Health Benefit Chg - 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.

4. 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.

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. 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)

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

7. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

8. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

9. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1.3	307	307
2005-07 Maintenance Level	1.4	335	335
Policy Changes:			
1. COLA-Nonrepresented	0.0	5	5
2. Nonrepresented Health Benefit Chg	0.0	3	3
Total Policy Changes	0.0	8	8
Total 2005-07 Biennium	1.4	343	343
Difference from 2003-05	0.1	36	36
% Change from 2003-05	0.0%	11.7%	11.7%

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.

2. Nonrepresented Health Benefit Chg - 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1,088.5	8,589	185,761
2005-07 Maintenance Level	1,085.9	8,629	194,921
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. Modernize Water Resource Management	0.5	0	180
5. Implementation of Initiative 297	3.5	0	1,008
6. Middle Management Reduction	-4.9	-39	-524
7. Office Relocation in Seattle	0.0	126	842
8. Estate Recoveries	2.0	0	600
9. COLA-Nonrepresented	0.0	186	4,965
10. Nonrepresented Health Benefit Chg	0.0	68	1,549
11. Salary Survey-Nonrep Staff	0.0	2	502
12. General Inflation	0.0	-28	-675
13. SHS Litigation Costs	4.0	0	1,950
14. Property and Estate Taxes	2.0	0	391
15. Public Counsel Legal Services	0.0	0	80
16. Office Consolidation in Tumwater	0.0	0	1,418
17. Executive Ethics Board	1.5	0	203
18. Pension Rate for Gain-Sharing	0.0	-30	-798
19. Suspend Plan 1 UAAL Contributions	0.0	-101	-2,706
20. Consumer Protection Expansion	7.0	1,566	1,566
21. OSPI Special Ed Lawsuit	0.0	0	100
Total Policy Changes	18.2	1,750	11,055
Total 2005-07 Biennium	1,104.0	10,379	205,976
Difference from 2003-05	15.5	1,790	20,215
% Change from 2003-05	1.5%	20.8%	10.9%

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)

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

4. Modernize Water Resource Management - Effective water resources management requires compliance with laws and efficient use of water to stretch existing water supplies. Four water masters will work towards compliance in high priority watersheds as requested by planning units, and two metering staff will work towards compliance with a recent court decision that requires the agency to enforce existing water metering laws. (Legal Services Revolving Account)

5. 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)

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. 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)

8. Estate Recoveries - Resources are provided to the Department of Social and Health Services' 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)

9. 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.

10. Nonrepresented Health Benefit Chg - 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.

11. 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.

12. 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.

13. 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)

14. Property and Estate Taxes - Two utility companies have filed lawsuits challenging the state's property tax valuation procedures. Also, the decoupling of the state's estate tax from the federal estate tax is resulting in numerous disputes regarding state estate tax liability and valuations. These major legal challenges to the Department of Revenue's collections require the provision of additional legal services to protect state revenues. (Legal Services Revolving Account)

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

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

16. 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)

17. 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)

18. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

19. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

21. OSPI Special Ed 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 (Legal Services Revolving Account)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	7.0	1,350	1,350
2005-07 Maintenance Level	7.0	1,398	1,398
Policy Changes:			
1. COLA-Nonrepresented	0.0	38	38
2. Nonrepresented Health Benefit Chg	0.0	10	10
3. General Inflation	0.0	-2	-2
4. IT Upgrade	0.0	17	17
5. Pension Rate for Gain-Sharing	0.0	-6	-6
6. Suspend Plan 1 UAAL Contributions	0.0	-22	-22
Total Policy Changes	0.0	35	35
Total 2005-07 Biennium	7.0	1,433	1,433
Difference from 2003-05	0.0	83	83
% Change from 2003-05	0.0%	6.1%	6.1%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. 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.

5. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	147.3	0	28,422
2005-07 Maintenance Level	148.4	0	30,974
Policy Changes:			
1. Middle Management Reduction	-1.6	0	-167
2. Classification Revisions	0.0	0	4
3. COLA-Nonrepresented	0.0	0	700
4. Nonrepresented Health Benefit Chg	0.0	0	214
5. Salary Survey-Nonrep Staff	0.0	0	304
6. General Inflation	0.0	0	-84
7. Pension Rate for Gain-Sharing	0.0	0	-116
8. Suspend Plan 1 UAAL Contributions	0.0	0	-382
9. Financial & Acct. Fraud, Securities	3.5	0	677
10. Exam Enhancement, Banks	3.5	0	417
11. Exam Enhancement, Credit Unions	1.2	0	217
12. Exam Enhancement, Consumer Services	4.6	0	1,861
13. Information Technology Package	2.0	0	1,661
14. Communication, Outreach & Education	1.0	0	235
15. Licensing, Consumer Services	2.3	0	259
16. Enforcement, Consumer Services	4.0	0	703
17. Refund Anticipation Loans (SB 5692)	0.0	0	13
Total Policy Changes	20.6	0	6,516
Total 2005-07 Biennium	169.0	0	37,490
Difference from 2003-05	21.7	0	9,068
% Change from 2003-05	15.0%	0.0%	31.9%

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. 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.

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.

4. Nonrepresented Health Benefit Chg - 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.

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

5. 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

8. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

9. 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)

10. 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)

11. 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)

12. 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)

13. 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)

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

15. 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)

16. 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)

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	315.6	128,594	434,210
2005-07 Maintenance Level	350.1	127,964	435,603
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. WFSE COLA/Salary Survey	0.0	234	541
8. Super Coalition Health benefits	0.0	152	351
9. Classification Revisions	0.0	3	7
10. COLA-Nonrepresented	0.0	564	915
11. Nonrepresented Health Benefit Chg	0.0	189	317
12. Salary Survey-Nonrep Staff	0.0	133	265
13. General Inflation	0.0	-127	-275
14. Transfers	1.2	0	14,642
15. America's Freedom Salute	0.0	50	50
16. Cascade Dialogue	0.0	150	150
17. Methamphetamine Initiative	0.0	1,000	1,000
18. Pension Rate for Gain-Sharing	0.0	-128	-230
19. Homeless Housing Program (HB 2163)	5.5	0	10,350
20. Mobile Home Ombudsman (HB 1640)	1.6	0	469
21. Safe Neighborhoods	0.0	50	50
22. Suspend Plan 1 UAAL Contributions	0.0	-434	-782
23. Individual Developmt Acct (HB 1408)	1.0	0	1,021
24. Lead Based Paint	0.0	20	20
25. Housing Assist Admin Cap Increase #	3.4	0	1,288
26. Homeless Data Management	2.3	0	1,270
27. Emergency Food Assistance Program	0.0	1,450	1,450
28. Community Mobilization	0.0	0	1,154
29. Small Communities Initiative	1.2	0	235
30. Infrastructure Data System	0.0	0	400
31. NW Food Processors Assoc	0.0	50	50
32. Long Term Care Ombudsman	0.0	108	108
33. Increase ECEAP Placements	0.0	2,994	2,994
34. Targeted Vendor Rate Increase	0.0	3,198	3,198
35. Create Archaeology Dept # SB 5056	-16.6	-1,099	-2,559
36. Center for Advanced Manufacturing	0.0	215	215
37. Archaeology Transfer Costs # SB5056	0.0	13	13
38. Community Services Block Grant	0.0	1,000	1,000
39. Job Development Fund Program (1903)	2.0	0	430
40. Domestic Violence	0.0	340	340
41. History Link	0.0	150	150
42. Women's Hearth	0.0	50	50
43. Transfer Civil Legal Svcs (HB 1747)	-0.7	-5,715	-13,407
44. Small Business Incubator	0.0	470	470
45. NW Farm Innovation Incubator	0.0	300	300
46. Center for Water & Environment	0.0	575	575
47. Pierce County Youth Assessment Ctr	0.0	150	150

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

	FTEs	Conference Proposal GF-S	Total
Total Policy Changes	-2.6	5,310	20,262
Total 2005-07 Biennium	347.5	133,274	455,865
Difference from 2003-05	31.9	4,680	21,655
% Change from 2003-05	9.8%	3.6%	5.0%

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.

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 - Funding is provided for administrative costs for Housing Assistance. (Washington State Housing Assistance Account)

6. Cost Allocation Fund Adjustment - Funding is provided for the Department of Community, Trade, and Economic Department's new cost allocation model, which will be implemented on July 1, 2005. (General Fund-Federal, General Fund-Private/Local, and various other funds)

7. 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.

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.

**2005-07 Omnibus Operating Budget
Dept Community, Trade, Econ Dev**

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.

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.

11. Nonrepresented Health Benefit Chg - 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.

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.

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. 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. (General Fund-Federal)

15. 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.

16. Cascade Dialogue - One-time funding is provided for the Cascade Land Conservancy to develop and implement a plan for regional conservation within King, Kittitas, Pierce, and Snohomish counties.

17. Methamphetamine Initiative - Funding is provided to Snohomish county for a law enforcement and treatment methamphetamine pilot program and to the Pierce County Alliance's Methamphetamine Family Services Treatment Program and Safe Streets of Tacoma's Methamphetamine Prevention Service.

18. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

19. 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)

20. 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)

21. Safe Neighborhoods - One-time funding is provided for one pilot project to promote the study and implementation of safe neighborhoods through community planning.

**2005-07 Omnibus Operating Budget
Dept Community, Trade, Econ Dev**

22. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

23. Individual Developmt Acct (HB 1408) - Funding is provided 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)

24. Lead Based Paint - Funding is provided for the Department of Community, Trade and Economic Development 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.

25. 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)

26. 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)

27. Emergency Food Assistance Program - Funding is provided for food banks to obtain and distribute additional nutritious food and to purchase equipment to transport and store perishable products.

28. 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 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. (Violence Reduction and Drug Enforcement Account-State)

29. Small Communities Initiative - The Small Communities Initiative is a collaboration between the departments of Health, Ecology, and Community, Trade, and Economic Development that provides 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. Funding is provided for one additional staff person to work with communities in need of this assistance. (Public Works Assistance Account)

30. Infrastructure Data System - 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)

31. NW Food Processors Assoc - One-time funding is provided for the Northwest Food Processors Association on the Food Processing Cluster Development Project.

32. Long Term Care Ombudsman - Enhancement funding is provided for the Long Term Care Ombudsman program.

**2005-07 Omnibus Operating Budget
Dept Community, Trade, Econ Dev**

- 33. Increase ECEAP Placements** - Funding is provided to serve an additional 282 children in the Early Childhood Education and Assistance Program (ECEAP).
- 34. Targeted Vendor Rate Increase** - Funding is provided for an inflationary vendor rate increase of 4.0 percent on July 1, 2005, and 4.0 percent on July 1, 2006.
- 35. Create Archaeology Dept # SB 5056** - Effective July 1, 2005, the Office of Archaeology and Historic Preservation (OAHF) is established as a separate agency of state government, pursuant to Second Substitute Senate Bill 5056 (Create Archaeology Department). (General Fund-State, General Fund-Federal, General Fund-Local)
- 36. Center for Advanced Manufacturing** - One-time 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.
- 37. Archaeology Transfer Costs # SB5056** - One-time funding is provided to the Department of Community, Trade and Economic Development for costs associated with the transfer of the Department of Archaeology and Historic Preservation, pursuant to Second Substitute Senate Bill 5056.
- 38. Community Services Block Grant** - Funding is provided to help meet service demands that exceed available community action resources.
- 39. Job Development Fund Program (1903)** - Funding is provided to implement House Bill 1903 (Job Development Fund). (Public Works Assistance Account-State)
- 40. Domestic Violence** - Funding is provided to continue domestic violence legal advocacy services, in recognition of reduced federal grant funding.
- 41. History Link** - One-time funding is provided for HistoryLink to expand its free, non-commercial online encyclopedia service on state and local history.
- 42. Women's Hearth** - One-time funding is provided to Women's Hearth, a nonprofit program serving the Spokane area's homeless and low-income women.
- 43. Transfer Civil Legal Svcs (HB 1747)** - Funding for civil legal aid is transferred to the newly created Office of Civil Legal Aid from the Department of Trade and Economic Development (CTED). (General Fund; Public Safety and Education Account; Violence Reduction and Drug Enforcement) If Substitute House Bill No. 1747 (Indigent Persons/Legal Aid) is not enacted by June 30, 2005, the funding remains with (CTED).
- 44. Small Business Incubator** - Funding is provided for implementation the small business incubator program.
- 45. NW Farm Innovation Incubator** - Funding is provided for the Northwest Agriculture Incubator project, which will support small farms in economic development.
- 46. 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.
- 47. 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)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	5.2	1,044	1,044
2005-07 Maintenance Level	5.2	1,077	1,077
Policy Changes:			
1. COLA-Nonrepresented	0.0	28	28
2. Nonrepresented Health Benefit Chg	0.0	7	7
3. General Inflation	0.0	-2	-2
4. Pension Rate for Gain-Sharing	0.0	-4	-4
5. Suspend Plan 1 UAAL Contributions	0.0	-16	-16
Total Policy Changes	0.0	13	13
Total 2005-07 Biennium	5.2	1,090	1,090
Difference from 2003-05	0.0	46	46
% Change from 2003-05	0.0%	4.4%	4.4%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	251.9	25,728	110,800
2005-07 Maintenance Level	260.8	28,779	97,098
Policy Changes:			
1. Hi Ed Facilities Preservation Study	1.0	166	166
2. ORM Risk Management	1.0	0	140
3. ORM Content Management System	1.0	0	1,200
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. Classification Revisions	0.0	0	4
12. COLA-Nonrepresented	0.0	872	1,406
13. Nonrepresented Health Benefit Chg	0.0	237	389
14. Salary Survey-Nonrep Staff	0.0	294	713
15. General Inflation	0.0	-84	-123
16. Pension Rate for Gain-Sharing	0.0	-146	-232
17. Permit Assistance	0.0	200	200
18. Suspend Plan 1 UAAL Contributions	0.0	-474	-762
19. Medical Assistance Forecast	3.0	322	322
20. State Budget Process (HB 1242)	2.0	400	400
Total Policy Changes	10.0	4,264	8,368
Total 2005-07 Biennium	270.8	33,043	105,466
Difference from 2003-05	18.9	7,315	-5,334
% Change from 2003-05	7.5%	28.4%	-4.8%

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 - Funding is provided for enhancements to Budget and Allotment Support System, FastTrack Report System, Travel Voucher System, and the Disbursement Reporting System. (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 # - Funding is provided to implement Engrossed Second Substitute Senate Bill No. 5441 (studying early learning, K-12, and higher education). The funds will be used for contractor and staff costs associated with the study. 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.

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 Second Substitute House Bill No. 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. 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.

12. 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.

13. Nonrepresented Health Benefit Chg - 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.

14. 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.

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Office of Financial Management**

15. 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.

16. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

17. 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.

18. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

20. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	165.3	0	27,242
2005-07 Maintenance Level	167.3	0	28,567
Policy Changes:			
1. Middle Management Reduction	-0.4	0	-34
2. COLA-Nonrepresented	0.0	0	700
3. Nonrepresented Health Benefit Chg	0.0	0	233
4. Salary Survey-Nonrep Staff	0.0	0	55
5. General Inflation	0.0	0	-110
6. Maintain ALJ/IAJ Salary Alignment	0.0	0	350
7. Convert To Digital Recording	0.0	0	103
8. Replace Computers	0.0	0	154
9. Pension Rate for Gain-Sharing	0.0	0	-110
10. Suspend Plan 1 UAAL Contributions	0.0	0	-368
Total Policy Changes	-0.4	0	973
Total 2005-07 Biennium	166.9	0	29,540
Difference from 2003-05	1.7	0	2,298
% Change from 2003-05	1.2%	0.0%	8.4%

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. (Administrative Hearings Revolving Account-State)

2. 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.

3. Nonrepresented Health Benefit Chg - 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.

4. 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.

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. 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)

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Office of Administrative Hearings**

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

8. 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)

9. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

10. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	200.8	0	42,771
2005-07 Maintenance Level	202.5	0	51,855
Policy Changes:			
1. Middle Management Reduction	-3.5	0	-386
2. Classification Revisions	0.0	0	7
3. COLA-Nonrepresented	0.0	0	883
4. Nonrepresented Health Benefit Chg	0.0	0	277
5. Salary Survey-Nonrep Staff	0.0	0	549
6. General Inflation	0.0	0	-313
7. Simplified Classification System	1.5	0	197
8. Personnel System Reform Act of 2002	12.8	0	1,894
9. Pension Rate for Gain-Sharing	0.0	0	-144
10. Suspend Plan 1 UAAL Contributions	0.0	0	-487
Total Policy Changes	10.8	0	2,477
Total 2005-07 Biennium	213.3	0	54,332
Difference from 2003-05	12.6	0	11,561
% Change from 2003-05	6.0%	0.0%	27.0%

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. 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.

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.

4. Nonrepresented Health Benefit Chg - 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.

5. 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.

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.

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Department of Personnel**

7. 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)

8. 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)

9. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

10. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	145.3	0	706,027
2005-07 Maintenance Level	145.3	0	736,531
Policy Changes:			
1. Middle Management Reduction	-0.2	0	-23
2. WFSE COLA/Salary Survey	0.0	0	111
3. WPEA COLA/Salary Survey	0.0	0	163
4. Super Coalition Health Benefits	0.0	0	239
5. Classification Revisions	0.0	0	1
6. COLA-Nonrepresented	0.0	0	280
7. Nonrepresented Health Benefit Chg	0.0	0	85
8. Salary Survey-Nonrep Staff	0.0	0	148
9. General Inflation	0.0	0	-1,924
10. Pension Rate for Gain-Sharing	0.0	0	-84
11. Suspend Plan 1 UAAL Contributions	0.0	0	-283
Total Policy Changes	-0.2	0	-1,287
Total 2005-07 Biennium	145.1	0	735,244
Difference from 2003-05	-0.2	0	29,217
% Change from 2003-05	0.0%	0.0%	4.1%

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. 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.

3. 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.

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.

5. 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.

**2005-07 Omnibus Operating Budget
State Lottery Commission**

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.

7. Nonrepresented Health Benefit Chg - 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.

8. 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

11. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	178.0	0	27,256
2005-07 Maintenance Level	166.9	0	29,010
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	656
2. Nonrepresented Health Benefit Chg	0.0	0	225
3. Salary Survey-Nonrep Staff	0.0	0	115
4. General Inflation	0.0	0	-91
5. Gambling Information Management Sys	0.0	0	500
6. Pension Rate for Gain-Sharing	0.0	0	-106
7. Suspend Plan 1 UAAL Contributions	0.0	0	-355
Total Policy Changes	0.0	0	944
Total 2005-07 Biennium	166.9	0	29,954
Difference from 2003-05	-11.1	0	2,698
% Change from 2003-05	-6.2%	0.0%	9.9%

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.

2. Nonrepresented Health Benefit Chg - 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.

3. 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.

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. 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)

6. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Washington State Gambling Comm**

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1.8	413	413
2005-07 Maintenance Level	1.8	451	451
Policy Changes:			
1. COLA-Nonrepresented	0.0	8	8
2. Nonrepresented Health Benefit Chg	0.0	3	3
3. General Inflation	0.0	-2	-2
4. Pension Rate for Gain-Sharing	0.0	-2	-2
5. Suspend Plan 1 UAAL Contributions	0.0	-5	-5
6. Workload Adjustment	0.2	32	32
Total Policy Changes	0.2	34	34
Total 2005-07 Biennium	2.0	485	485
Difference from 2003-05	0.2	72	72
% Change from 2003-05	0.0%	17.4%	17.4%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

6. Workload Adjustment - The Commission on Hispanic Affairs is experiencing increased demand from the public to serve as a liaison between the Hispanic community in Washington State and agencies within state government. Funding is appropriated to increase the executive assistant position to full-time and provides funding for the Commission to meet these needs.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1.8	402	402
2005-07 Maintenance Level	1.8	454	454
Policy Changes:			
1. COLA-Nonrepresented	0.0	8	8
2. Nonrepresented Health Benefit Chg	0.0	3	3
3. General Inflation	0.0	-2	-2
4. Pension Rate for Gain-Sharing	0.0	-2	-2
5. Suspend Plan 1 UAAL Contributions	0.0	-5	-5
6. Workload Adjustment	0.2	21	21
Total Policy Changes	0.2	23	23
Total 2005-07 Biennium	2.0	477	477
Difference from 2003-05	0.2	75	75
% Change from 2003-05	0.0%	18.7%	18.7%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

6. Workload Adjustment - The Commission on African-American Affairs is experiencing increased demand from the public to serve as a liaison between African-Americans in Washington State and agencies within state government. Funding is appropriated to increase the executive assistant position to full time and provides additional funding for the Commission to meet these needs.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	11.0	0	1,740
2005-07 Maintenance Level	5.5	0	1,019
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	46
2. Nonrepresented Health Benefit Chg	0.0	0	16
3. General Inflation	0.0	0	-5
4. Pension Rate for Gain-Sharing	0.0	0	-8
5. Suspend Plan 1 UAAL Contributions	0.0	0	-25
Total Policy Changes	0.0	0	24
Total 2005-07 Biennium	5.5	0	1,043
Difference from 2003-05	-5.5	0	-697
% Change from 2003-05	-45.5%	0.0%	-40.1%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	272.2	0	49,671
2005-07 Maintenance Level	274.8	0	48,348
Policy Changes:			
1. Middle Management Reduction	-3.0	0	-324
2. WPEA COLA/Salary Survey	0.0	0	760
3. Super Coalition Health Benefits	0.0	0	581
4. COLA-Nonrepresented	0.0	0	345
5. Nonrepresented Health Benefit Chg	0.0	0	101
6. Salary Survey-Nonrep Staff	0.0	0	205
7. General Inflation	0.0	0	-188
8. LEOFF 2 Service Credit Purchase	0.0	0	10
9. LEOFF 2 Post Retirement Employment	0.0	0	55
10. LEOFF 1 Ex-Spouse Benefits	0.0	0	26
11. Military Service Credit	0.0	0	46
12. TRS Service Credit Purchase	0.0	0	13
13. LEOFF 1 Reduced Survivor Benefit	0.3	0	79
14. Emergency Medical Technicians	0.3	0	56
15. Pension Rate for Gain-Sharing	0.0	0	-168
16. Suspend Plan 1 UAAL Contributions	0.0	0	-565
17. Disability Service Credit Purchase	0.1	0	16
Total Policy Changes	-2.4	0	1,048
Total 2005-07 Biennium	272.4	0	49,396
Difference from 2003-05	0.3	0	-275
% Change from 2003-05	0.0%	0.0%	-0.6%

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. 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.

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.

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.

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Department of Retirement Systems**

5. Nonrepresented Health Benefit Chg - 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.

6. 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.

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. 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, pursuant to Chapter 21, Laws of 2005 (HB 1269). (Department of Retirement Systems Expense Account-State)

9. 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)

10. 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, pursuant to Chapter 62, Laws of 2005 (HB 1319). (Department of Retirement Systems Expense Account-State)

11. 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, pursuant to Chapter 64, Laws of 2005 (HB 1325). (Department of Retirement Systems Expense Account-State)

12. 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, pursuant to Chapter 65, Laws of 2005 (HB 1327). (Department of Retirement Systems Expense Account-State)

13. 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, pursuant to Chapter 67, Laws of 2005 (HB 1329). (Department of Retirement Systems Expense Account-State)

14. 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
Department of Retirement Systems**

15. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

16. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

17. Disability Service Credit Purchase - Funding is provided for administrative costs associated with allowing members of the Public Employees' Retirement System to purchase up to two years of service credit for time spent separated from employment due to injuries incurred in the line of duty, pursuant to Senate Bill 5522 (Purchasing Service Credit). This appropriation is contingent upon the enactment of Senate Bill 5522. (Department of Retirement Systems Expense Account-State)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	60.6	100	13,448
2005-07 Maintenance Level	60.6	0	14,236
Policy Changes:			
1. Recruitment and Retention	0.0	0	340
2. Middle Management Reduction	-0.6	0	-67
3. COLA-Nonrepresented	0.0	0	322
4. Nonrepresented Health Benefit Chg	0.0	0	73
5. Salary Survey-Nonrep Staff	0.0	0	78
6. General Inflation	0.0	0	-35
7. Invest. Perform. & Accountability	12.0	0	2,586
8. Investment Personnel Svc Contracts	0.0	0	-1,283
9. Pension Rate for Gain-Sharing	0.0	0	-52
10. Suspend Plan 1 UAAL Contributions	0.0	0	-178
Total Policy Changes	11.4	0	1,784
Total 2005-07 Biennium	72.0	0	16,020
Difference from 2003-05	11.4	-100	2,572
% Change from 2003-05	18.0%	-100.0%	19.1%

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. 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.

4. Nonrepresented Health Benefit Chg - 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.

5. 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.

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.

**2005-07 Omnibus Operating Budget
State Investment Board**

7. 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)

8. 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)

9. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

10. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	133.0	0	65,990
2005-07 Maintenance Level	133.0	0	66,485
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
4. COLA-Nonrepresented	0.0	0	416
5. Nonrepresented Health Benefit Chg	0.0	0	189
6. Pension Rate for Gain-Sharing	0.0	0	-66
7. Suspend Plan 1 UAAL Contributions	0.0	0	-223
Total Policy Changes	4.8	0	-718
Total 2005-07 Biennium	137.8	0	65,767
Difference from 2003-05	4.8	0	-223
% Change from 2003-05	3.8%	0.0%	-0.3%

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)

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.

5. Nonrepresented Health Benefit Chg - 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.

6. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Public Printer**

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1,067.2	166,137	177,434
2005-07 Maintenance Level	1,062.8	175,938	188,262
Policy Changes:			
1. Middle Management Reduction	-13.9	-1,480	-1,530
2. WPEA COLA/Salary Survey	0.0	3,214	3,422
3. Super Coalition Health Benefits	0.0	2,309	2,461
4. Classification Revisions	0.0	36	36
5. COLA-Nonrepresented	0.0	1,103	1,150
6. Nonrepresented Health Benefit Chg	0.0	338	351
7. Salary Survey-Nonrep Staff	0.0	285	303
8. General Inflation	0.0	-642	-671
9. Revenue Enhancement	14.0	2,630	2,630
10. Pension Rate for Gain-Sharing	0.0	-634	-670
11. Suspend Plan 1 UAAL Contributions	0.0	-2,140	-2,268
12. REET Enforcement (HB 1315)	1.8	206	206
13. Renewable Energy (SB 5101)	0.0	9	9
14. Unclaimed Property (SB 5948)	0.0	0	-520
15. Vehicle Enforcement (1241)	0.0	100	100
Total Policy Changes	1.9	5,334	5,009
Total 2005-07 Biennium	1,064.7	181,272	193,271
Difference from 2003-05	-2.5	15,135	15,837
% Change from 2003-05	-0.2%	9.1%	8.9%

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. 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.

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.

4. 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.

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

- 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.
- 6. Nonrepresented Health Benefit Chg** - 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.
- 7. 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.
- 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. Revenue Enhancement** - Funding is provided for additional audit emphasis in the areas of real estate excise tax, out-of-state auditing, and internal desk audits. These strategies are projected to generate \$15.2 million in General Fund-State revenue and \$2.6 million for local governments in the 05-07 biennium.
- 10. Pension Rate for Gain-Sharing** - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).
- 11. Suspend Plan 1 UAAL Contributions** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.
- 12. REET Enforcement (HB 1315)** - Funding is provided for detection of transfers of controlling interest in an entity to enforce real estate excise tax laws.
- 13. Renewable Energy (SB 5101)** - Funding is provided for the implementation of SB 5101, which allows light and power business to provide payment incentives for individuals, businesses and local government who provide renewable energy.
- 14. Unclaimed Property (SB 5948)** - SB 5948 is department request legislation which improves the quality and efficiency of the Unclaimed Property program's administration. Changes include eliminating requirements regarding advertising and record retention and allows the sale of dividend re-investment plans and mutual funds similar to the current sale of other securities. (Unclaimed Personal Property Account-Nonappropriated)
- 15. Vehicle Enforcement (1241)** - Funding is provided for the Department to implement the provisions EHB 1241 and to work with the Washington State Patrol and the Department of Licensing to increase enforcement for Washington State residents whose vehicles and driver's licenses are registered in another state. This strategy is expected to generate \$2.8 million in general fund revenue.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	11.0	2,234	2,234
2005-07 Maintenance Level	11.0	2,299	2,299
Policy Changes:			
1. COLA-Nonrepresented	0.0	55	55
2. Nonrepresented Health Benefit Chg	0.0	16	16
3. General Inflation	0.0	-7	-7
4. Tax Referee and Law Clerk	1.5	248	248
5. Pension Rate for Gain-Sharing	0.0	-8	-8
6. Suspend Plan 1 UAAL Contributions	0.0	-30	-30
Total Policy Changes	1.5	274	274
Total 2005-07 Biennium	12.5	2,573	2,573
Difference from 2003-05	1.5	339	339
% Change from 2003-05	9.1%	15.2%	15.2%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. 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.

5. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	16.0	0	2,018
2005-07 Maintenance Level	16.0	0	2,411
Policy Changes:			
1. Interagency Agreements	0.0	0	525
2. WFSE COLA/Salary Survey	0.0	0	59
3. Super Coalition Health Benefits	0.0	0	26
4. COLA-Nonrepresented	0.0	0	30
5. Nonrepresented Health Benefit Chg	0.0	0	11
6. General Inflation	0.0	0	-12
7. Small Business and Grant Support	1.0	0	180
8. Pension Rate for Gain-Sharing	0.0	0	-10
9. Suspend Plan 1 UAAL Contributions	0.0	0	-34
Total Policy Changes	1.0	0	775
Total 2005-07 Biennium	17.0	0	3,186
Difference from 2003-05	1.0	0	1,168
% Change from 2003-05	6.2%	0.0%	57.9%

Comments:

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

2. 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.

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.

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.

5. Nonrepresented Health Benefit Chg - 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.

**2005-07 Omnibus Operating Budget
Minority & Women's Business Enterp**

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. 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)

8. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

9. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	564.3	478	132,130
2005-07 Maintenance Level	571.8	497	128,033
Policy Changes:			
1. Transfer Capital Costs	6.7	0	2,214
2. Middle Management Reduction	-8.8	-24	-970
3. WFSE COLA/Salary Survey	0.0	0	1,070
4. Super Coalition Health Benefits	0.0	0	738
5. Classification Revisions	0.0	0	195
6. COLA-Nonrepresented	0.0	10	1,163
7. Nonrepresented Health Benefit Chg	0.0	3	445
8. Salary Survey-Nonrep Staff	0.0	0	994
9. General Inflation	0.0	0	-931
10. Nonappropriated Fund Adjustment	0.0	0	106
11. Alternative Public Works (HB 1830)	0.0	75	75
12. State Enterprise Procurement System	0.0	0	251
13. Engineer and Architect Services	14.1	0	2,747
14. Motor Pool to Non-Appropriated #	0.0	0	0
15. Custodial Standards in Office Areas	0.0	0	0
16. Improve Parking Enforcement	0.0	0	56
17. Implement a Business Support System	0.0	0	100
18. Pension Rate for Gain-Sharing	0.0	-2	-294
19. Legislative Building Security	-10.5	0	-2,009
20. Suspend Plan 1 UAAL Contributions	0.0	-5	-993
Total Policy Changes	1.6	57	4,957
Total 2005-07 Biennium	573.3	554	132,990
Difference from 2003-05	9.0	76	860
% Change from 2003-05	1.6%	15.9%	0.7%

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. 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.

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

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.

5. 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.

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.

7. Nonrepresented Health Benefit Chg - 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.

8. 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.

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

11. Alternative Public Works (HB 1830) - Funding is provided for the implementation of Engrossed Substitute House Bill No. 1830 (alternative public works). If legislation is not enacted by June 30, 2005, the funding lapses.

12. State Enterprise Procurement System - Funding is provided for a system module 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 aggregate purchases of goods and services, resulting in state agency savings from cheaper goods and services. (General Administration Services Account-Nonappropriated)

13. 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 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)

14. 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. (General Administration Services Account-Nonappropriated)

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

15. Custodial Standards in Office Areas - Funding is 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)

16. 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. (State Vehicle Parking Account-Nonappropriated)

17. Implement a Business Support System - Funding is provided for the Division of Facility and Planning Management to 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)

18. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

19. Legislative Building Security - Security operations in the Legislative Building that began in January 2005, including perimeter security, entrance screening, and camera monitoring is eliminated.

20. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	429.5	2,650	208,538
2005-07 Maintenance Level	429.5	39	207,630
Policy Changes:			
1. Business Continuity	2.0	0	500
2. Middle Management Reduction	-6.6	0	-714
3. WFSE COLA/Salary Survey	0.0	0	1,427
4. Super Coalition Health Benefits	0.0	0	858
5. Classification Revisions	0.0	0	33
6. COLA-Nonrepresented	0.0	0	597
7. Nonrepresented Health Benefit Chg	0.0	0	147
8. Salary Survey-Nonrep Staff	0.0	0	268
9. General Inflation	0.0	-39	-2,014
10. Justice Information Network	3.0	0	684
11. Pension Rate for Gain-Sharing	0.0	0	-300
12. Suspend Plan 1 UAAL Contributions	0.0	0	-1,016
13. Small Agency Client Services	0.0	0	974
14. Enterprise Business Support	4.0	0	610
15. Enhanced Radio Communications	2.0	0	381
Total Policy Changes	4.5	-39	2,435
Total 2005-07 Biennium	434.0	0	210,065
Difference from 2003-05	4.5	-2,650	1,527
% Change from 2003-05	0.9%	-100.0%	0.7%

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. 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.

**2005-07 Omnibus Operating Budget
Department of Information Services**

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.

5. 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.

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.

7. Nonrepresented Health Benefit Chg - 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.

8. 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.

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. 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)

11. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

12. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

13. 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)

2005-07 Omnibus Operating Budget
Department of Information Services

14. 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)

15. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	199.2	0	34,118
2005-07 Maintenance Level	199.7	0	35,193
Policy Changes:			
1. Middle Management Reduction	-2.9	0	-312
2. WFSE COLA/Salary Survey	0.0	0	530
3. Super Coalition Health Benefits	0.0	0	323
4. Classification Revisions	0.0	0	60
5. COLA-Nonrepresented	0.0	0	404
6. Nonrepresented Health Benefit Chg	0.0	0	108
7. Salary Survey-Nonrep Staff	0.0	0	14
8. General Inflation	0.0	0	-89
9. Financial Analysis Improvement	1.0	0	194
10. Accreditation Standard	2.6	0	281
11. Pension Rate for Gain-Sharing	0.0	0	-138
12. HP 3000 Computer Replacement	3.8	0	3,514
13. Suspend Plan 1 UAAL Contributions	0.0	0	-472
14. Illegal Insurer Investigations	1.0	0	162
15. IT Asset Replacement	0.0	0	594
16. Market Analysis Development Project	0.5	0	108
17. SHIBA HelpLine	1.0	0	452
Total Policy Changes	7.0	0	5,733
Total 2005-07 Biennium	206.7	0	40,926
Difference from 2003-05	7.5	0	6,808
% Change from 2003-05	4.0%	0.0%	20.0%

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. 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.

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.

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

4. 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.

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.

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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. 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 early, allowing the agency to take corrective action sooner, thus reducing the risk to consumers. Through early detection and intervention, OIC can also assist companies before they face serious financial problems or insolvency. (Insurance Commissioner's Regulatory Account-State)

10. Accreditation Standard - Funding and staff are provided for the Office of the Insurance Commissioner to meet accreditation standards.

11. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

12. HP 3000 Computer Replacement - Funding is provided to replace the Office of Insurance Commissioner's HP 3000 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)

13. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

14. Illegal Insurer Investigations - Funding is provided for one investigator to assist the current investigator in evaluating and investigating all referrals of suspected criminal activity involving insurance transactions. (Insurance Commissioner's Regulatory Account-State)

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

15. IT Asset Replacement - 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)

16. Market Analysis Development Project - Funding is provided 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)

17. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	9.3	0	1,994
2005-07 Maintenance Level	9.3	0	1,946
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	35
2. Nonrepresented Health Benefit Chg	0.0	0	13
3. General Inflation	0.0	0	-9
4. Pension Rate for Gain-Sharing	0.0	0	-6
5. Suspend Plan 1 UAAL Contributions	0.0	0	-17
Total Policy Changes	0.0	0	16
Total 2005-07 Biennium	9.3	0	1,962
Difference from 2003-05	0.0	0	-32
% Change from 2003-05	0.0%	0.0%	-1.6%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal 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)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	28.5	0	4,647
2005-07 Maintenance Level	28.5	0	8,516
Policy Changes:			
1. WFSE COLA/Salary Survey	0.0	0	84
2. Super Coalition Health Benefits	0.0	0	47
3. COLA-Nonrepresented	0.0	0	52
4. Nonrepresented Health Benefit Chg	0.0	0	9
5. General Inflation	0.0	0	-20
6. Pension Rate for Gain-Sharing	0.0	0	-18
7. Suspend Plan 1 UAAL Contributions	0.0	0	-61
Total Policy Changes	0.0	0	93
Total 2005-07 Biennium	28.5	0	8,609
Difference from 2003-05	0.0	0	3,962
% Change from 2003-05	0.0%	0.0%	85.3%

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.

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.

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.

4. Nonrepresented Health Benefit Chg - 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.

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
Washington Horse Racing Commission**

6. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	961.0	2,935	162,281
2005-07 Maintenance Level	965.0	3,049	171,132
Policy Changes:			
1. Change Expense to Nonappropriated	0.0	0	58
2. Middle Management Reduction	-5.0	-15	-547
3. WPEA COLA/Salary Survey	0.0	61	1,224
4. UFCW COLA/Salary Survey	0.0	0	1,138
5. Super Coalition Health Benefits	0.0	47	2,182
6. Classification Revisions	0.0	0	94
7. COLA-Nonrepresented	0.0	10	614
8. Nonrepresented Health Benefit Chg	0.0	3	221
9. Salary Survey-Nonrep Staff	0.0	0	241
10. General Inflation	0.0	-7	-1,123
11. Staff Training	1.0	0	402
12. Criminal Justice Training	0.0	32	158
13. Enhance Stores Network Connection	1.0	0	2,228
14. Alcohol Education Initiative #	1.0	0	186
15. Optional Redemption of COPs	0.0	0	4,315
16. Improve Core Technology Operations	4.0	0	2,261
17. Financing Warehouse Expansion	0.0	0	2,800
18. Increase Shipping Capacity	11.6	0	3,233
19. More Store FTEs for Revenue Growth	28.0	0	2,746
20. Pension Rate for Gain-Sharing	0.0	-10	-402
21. Suspend Plan 1 UAAL Contributions	0.0	-34	-1,357
22. Liquor Retail Business Plan	15.5	0	1,435
23. Tobacco Products Enforc. (SB 6097)	2.0	309	309
Total Policy Changes	59.1	396	22,416
Total 2005-07 Biennium	1,024.1	3,445	193,548
Difference from 2003-05	63.1	510	31,267
% Change from 2003-05	6.6%	17.4%	19.3%

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. 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.

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

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.

5. 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.

6. 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.

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.

8. Nonrepresented Health Benefit Chg - 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.

9. 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.

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

12. 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)

13. 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).

14. Alcohol Education Initiative # - Funding is provided for an alcohol education staff coordinator to leverage resources for direct alcohol abuse prevention services such as a media campaign or educational materials targeted toward middle school and high school students, with input from the Department of Social and Health Services' Division of Alcohol and Substance Abuse and the Governor's Council on Substance Abuse. (Liquor Revolving Account)

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

15. 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)

16. 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)

17. 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)

18. 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)

19. 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)

20. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

21. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

22. Liquor Retail Business Plan - 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.

23. Tobacco Products Enforc. (SB 6097) - Funding is provided for two enforcement officers to enforce the new licensing and compliance requirements in Senate Bill 6097 on merchants who sell tobacco products.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	155.1	0	30,485
2005-07 Maintenance Level	155.4	0	32,136
Policy Changes:			
1. National Energy Policy Devt	0.0	0	120
2. Middle Management Reduction	-2.4	0	-253
3. WFSE COLA/Salary Survey	0.0	0	476
4. Super Coalition Health Benefits	0.0	0	286
5. COLA-Nonrepresented	0.0	0	289
6. Nonrepresented Health Benefit Chg	0.0	0	62
7. General Inflation	0.0	0	-68
8. Information Services Support	1.0	0	145
9. Statewide Systems Increase	0.0	0	46
10. Public Counsel Legal Services	0.0	0	70
11. Pension Rate for Gain-Sharing	0.0	0	-106
12. Suspend Plan 1 UAAL Contributions	0.0	0	-355
Total Policy Changes	-1.4	0	712
Total 2005-07 Biennium	154.0	0	32,848
Difference from 2003-05	-1.2	0	2,363
% Change from 2003-05	-0.6%	0.0%	7.8%

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. 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.

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.

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.

2005-07 Omnibus Operating Budget Utilities and Transportation Comm

6. Nonrepresented Health Benefit Chg - 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.

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. 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)

9. 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)

10. 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)

11. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

12. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	3.0	0	738
2005-07 Maintenance Level	3.0	0	765
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	12
2. Nonrepresented Health Benefit Chg	0.0	0	4
3. Salary Survey-Nonrep Staff	0.0	0	8
4. General Inflation	0.0	0	-2
5. Contract for IT Support Services	0.0	0	18
6. Hire an Office Assistant	0.8	0	45
7. Civil Service Reform Training	0.0	0	1
8. Pension Rate for Gain-Sharing	0.0	0	-2
9. Suspend Plan 1 UAAL Contributions	0.0	0	-6
Total Policy Changes	0.8	0	78
Total 2005-07 Biennium	3.8	0	843
Difference from 2003-05	0.8	0	105
% Change from 2003-05	33.3%	0.0%	14.2%

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.

2. Nonrepresented Health Benefit Chg - 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.

3. 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.

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. 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)

6. 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)

7. 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
Board for Volunteer Firefighters**

8. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

9. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	280.8	17,165	286,446
2005-07 Maintenance Level	284.8	17,868	264,958
Policy Changes:			
1. E-911 Database Upgrade	0.0	0	2,900
2. Middle Management Reduction	-2.4	-122	-257
3. WFSE COLA/Salary Survey	0.0	107	391
4. WPEA COLA/Salary Survey	0.0	118	409
5. Super Coalition Health Benefits	0.0	135	464
6. Classification Revisions	0.0	45	116
7. COLA-Nonrepresented	0.0	228	408
8. Nonrepresented Health Benefit Chg	0.0	69	127
9. Salary Survey-Nonrep Staff	0.0	102	221
10. General Inflation	0.0	-81	-292
11. Alert & Warning Ctr Staffing	3.0	386	386
12. Pension Rate for Gain-Sharing	0.0	-64	-162
13. Suspend Plan 1 UAAL Contributions	0.0	-212	-535
14. Mt. St. Helens Emerg Communications	0.0	867	867
Total Policy Changes	0.7	1,578	5,043
Total 2005-07 Biennium	285.4	19,446	270,001
Difference from 2003-05	4.7	2,281	-16,445
% Change from 2003-05	1.4%	13.3%	-5.7%

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. 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.

4. 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.

**2005-07 Omnibus Operating Budget
Military Department**

5. 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.

6. 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.

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.

8. Nonrepresented Health Benefit Chg - 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.

9. 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.

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. Alert & Warning Ctr Staffing - Funding is provided to increase the staffing in the Emergency Operations Alert and Warning Center to two employees each shift. Currently, many shifts are covered by only one employee, and significant overtime costs are incurred to cover shifts adequately when current employees require leave.

12. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

13. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

14. Mt. St. Helens Emerg Communications - One-time funding is appropriated for to the Cowlitz County 911 Communications Center for the purposes of purchasing or reimbursing the cost of purchasing interoperable radio communication technology to improve disaster response in the Mt. St. Helens area.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	41.4	4,856	7,403
2005-07 Maintenance Level	42.7	5,186	7,909
Policy Changes:			
1. COLA-Nonrepresented	0.0	142	218
2. Nonrepresented Health Benefit Chg	0.0	40	62
3. Salary Survey-Nonrep Staff	0.0	350	535
4. General Inflation	0.0	-16	-23
5. Pension Rate for Gain-Sharing	0.0	-24	-36
6. Suspend Plan 1 UAAL Contributions	0.0	-78	-120
Total Policy Changes	0.0	414	636
Total 2005-07 Biennium	42.7	5,600	8,545
Difference from 2003-05	1.3	744	1,142
% Change from 2003-05	4.9%	15.3%	15.4%

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.

2. Nonrepresented Health Benefit Chg - 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.

3. 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1.8	0	889
2005-07 Maintenance Level	6.0	0	1,895
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	32
2. Nonrepresented Health Benefit Chg	0.0	0	9
3. General Inflation	0.0	0	-5
4. Pension Rate for Gain-Sharing	0.0	0	-6
5. Suspend Plan 1 UAAL Contributions	0.0	0	-17
Total Policy Changes	0.0	0	13
Total 2005-07 Biennium	6.0	0	1,908
Difference from 2003-05	4.3	0	1,019
% Change from 2003-05	200.0%	0.0%	114.6%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	12.0	3,020	3,020
2005-07 Maintenance Level	12.0	3,065	3,065
Policy Changes:			
1. COLA-Nonrepresented	0.0	74	74
2. Nonrepresented Health Benefit Chg	0.0	17	17
3. General Inflation	0.0	-7	-7
4. Pension Rate for Gain-Sharing	0.0	-12	-12
5. Suspend Plan 1 UAAL Contributions	0.0	-41	-41
6. Caseload Increases	0.0	62	62
Total Policy Changes	0.0	93	93
Total 2005-07 Biennium	12.0	3,158	3,158
Difference from 2003-05	0.0	138	138
% Change from 2003-05	0.0%	4.6%	4.6%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

5. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

6. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	155.0	0	71,735
2005-07 Maintenance Level	161.0	0	76,649
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	487
2. General Inflation	0.0	0	-154
Total Policy Changes	0.0	0	333
Total 2005-07 Biennium	161.0	0	76,982
Difference from 2003-05	6.0	0	5,247
% Change from 2003-05	3.9%	0.0%	7.3%

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.

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
Archaeology & Historic Preservation
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	0.0	0	0
2005-07 Maintenance Level	0.0	0	0
Policy Changes:			
1. Establishment of Agency	<u>16.6</u>	<u>1,099</u>	<u>2,559</u>
Total Policy Changes	16.6	1,099	2,559
Total 2005-07 Biennium	16.6	1,099	2,559
Difference from 2003-05	16.6	1,099	2,559
% Change from 2003-05	0.0%	0.0%	0.0%

Comments:

1. Establishment of Agency - The Department of Archaeology and Historic Preservation (DAHP) is established as a separate agency of state government. This program was established in the Department of Community Trade and Economic Development with a total biennium funding level of \$2,696,000. (General Fund-State, General Fund-Federal, General Fund-Local)

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	274.0	0	553,420
2005-07 Maintenance Level	272.7	0	616,728
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. Prescription Purchasing Consortium#	1.0	0	391
6. Expand Drug Cost Management	1.0	0	700
7. WFSE COLA/Salary Survey	0.0	0	711
8. Super Coalition Health Benefits	0.0	0	563
9. Classification Revisions	0.0	0	4
10. COLA-Nonrepresented	0.0	0	426
11. Nonrepresented Health Benefit Chg	0.0	0	127
12. Salary Survey-Nonrep Staff	0.0	0	145
13. General Inflation	0.0	0	-170
14. Ins Eligibility/Acctg Syst Upgrade	1.5	0	7,130
15. Medicare Modernization Act Impacts#	2.3	0	479
16. Enhance UMP Clinical & Provider Mgm	0.0	0	285
17. Certificate of Need Program	0.0	0	250
18. Dental Residency Program	0.0	0	395
19. Pension Rate for Gain-Sharing	0.0	0	-166
20. Suspend Plan 1 UAAL Contributions	0.0	0	-565
21. Discontinue "Pharmacy Connections"	0.0	0	-750
22. Electronic Medical Records	1.1	0	331
Total Policy Changes	4.6	0	5,720
Total 2005-07 Biennium	277.3	0	622,448
Difference from 2003-05	3.4	0	69,028
% Change from 2003-05	1.1%	0.0%	12.5%

Comments:

1. Flexible Spending Accounts # - Funding is provided to expand the state's flexible spending account program from a limited pilot project in higher education to general government employees, as called for in the 2005-07 biennium collective bargaining agreements. FSAs are plans that allow employees to defer pre-tax income, and subsequently spend those tax-free dollars on qualified health expenditures. The administrative cost of the program will be paid by state agencies according to the degree of participation of their employees. It is assumed for the 2005-07 biennium that agencies' savings on Federal Insurance Contributions Act (FICA) payments will cover the costs charged to them, as the agencies' tax liability will be lower for employees who are deferring pre-tax income. 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 make information system changes needed in FY 2006 in order to accommodate the proposed two-tiered funding rate for represented and non-represented state employees in FY 2007. (Health Care Authority Administration Account-State)

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

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

5. Prescription Purchasing Consortium# - As provided in Senate Bill 5471 (prescription drug purchasing consortium), 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, currently estimated at about \$30 per enrollee per year. (Health Services Account-State, Drug Purchasing Consortium Account - Non-Appropriated)

6. Expand Drug Cost Management - Funding is provided to increase to approximately 50 the number of therapeutic drug classes included in the state preferred drug list established under RCW 70.14.050. This expansion of the number of drugs subject to evidence-based purchasing is expected to result in \$7 million of reduced drug expenditures for the medical assistance program in the Department of Social and Health Services. (Health Services Account-State, General Fund-Federal)

7. 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.

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.

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.

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.

11. Nonrepresented Health Benefit Chg - 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.

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.

14. 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. (Health Care Authority Administrative Account-State)

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

15. Medicare Modernization Act Impacts# - Funding is provided to cover the administrative costs of coordinating the supplemental health benefits available to retired state and school employees with the new Medicare Part D prescription drug benefit. Beginning in January 2006, Medicare will offer incentives for employers, such as the state, to continue to offer retiree prescription drug benefits. Administrative efforts are needed to ensure that the state's retiree drug benefits are at least actuarially equivalent to those available through Medicare, and that the state receives the Medicare subsidy for which it is eligible. (Health Care Authority Administrative Account-State)

16. Enhance UMP Clinical & Provider Mgm - Funds are provided for the Health Care Authority to improve clinical and provider management activities within the Uniform Medical Plan (UMP) in the following ways: 1) establish an integrated database to coordinate, track, and document complaints and coverage issues such as appeals, prior authorizations and other clinical decisions; 2) expand collaborative pilot projects to reward health care providers who deliver cost-effective care; and 3) enhance provider reimbursement systems to control costs and ensure appropriate payment levels for additional types of medical services. (Health Care Authority Administrative Account-State)

17. 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)

18. Dental Residency Program - Funding is provided for Substitute House Bill 1689 (dental health services), which permits exemption from dental licensure for post-doctoral dental students in a supervised residency program 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. Funds will support start-up of one clinical site in FY 2006, and stipends for students serving a one-year residency at the site in FY 2007. (Health Services Account-State)

19. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

20. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

21. 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 learn about and apply 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)

22. Electronic Medical Records - Funds are appropriated to pay for the costs associated with conducting a study of electronic medical record systems and other health information technologies, as called for in Substitute Senate Bill 5064 (electronic medical records). (General Fund-Federal, Health Services Account-State)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	47.7	4,795	6,455
2005-07 Maintenance Level	47.7	5,127	6,814
Policy Changes:			
1. WFSE COLA/Salary Survey	0.0	65	111
2. Super Coalition Health Benefits	0.0	64	102
3. COLA-Nonrepresented	0.0	35	49
4. Nonrepresented Health Benefit Chg	0.0	10	14
5. General Inflation	0.0	-14	-19
6. Pension Rate for Gain-Sharing	0.0	-18	-28
7. Suspend Plan 1 UAAL Contributions	0.0	-62	-95
8. Staff Training	0.0	23	23
Total Policy Changes	0.0	103	157
Total 2005-07 Biennium	47.7	5,230	6,971
Difference from 2003-05	0.0	435	516
% Change from 2003-05	0.0%	9.1%	8.0%

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.

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.

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.

4. Nonrepresented Health Benefit Chg - 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.

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
Human Rights Commission**

6. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

8. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	159.1	0	30,385
2005-07 Maintenance Level	159.1	0	32,129
Policy Changes:			
1. Middle Management Reduction	-0.7	0	-78
2. WFSE COLA/Salary Survey	0.0	0	812
3. Super Coalition Health Benefits	0.0	0	394
4. COLA-Nonrepresented	0.0	0	138
5. Nonrepresented Health Benefit Chg	0.0	0	34
6. General Inflation	0.0	0	-130
7. Pension Rate for Gain-Sharing	0.0	0	-112
8. Suspend Plan 1 UAAL Contributions	0.0	0	-370
Total Policy Changes	-0.7	0	688
Total 2005-07 Biennium	158.4	0	32,817
Difference from 2003-05	-0.7	0	2,432
% Change from 2003-05	-0.6%	0.0%	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. 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.

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.

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.

5. Nonrepresented Health Benefit Chg - 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.

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Bd of Industrial Insurance Appeals**

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

8. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	36.8	0	18,814
2005-07 Maintenance Level	38.2	0	19,103
Policy Changes:			
1. Vendor Rate Increase	0.0	0	36
2. WFSE COLA/Salary Survey	0.0	0	76
3. Super Coalition Health Benefits	0.0	0	46
4. Classification Revisions	0.0	0	4
5. COLA-Nonrepresented	0.0	0	103
6. Nonrepresented Health Benefit Chg	0.0	0	25
7. General Inflation	0.0	0	-156
8. Course Reimbursement	0.0	0	300
9. Firearms Certificate Program	0.0	0	88
10. Small Police Agencies Task Force	0.0	0	100
11. Pension Rate for Gain-Sharing	0.0	0	-22
12. Suspend Plan 1 UAAL Contributions	0.0	0	-77
13. Incident-Based Reporting Software	0.0	0	205
14. Adjust Corrections Class Size	0.0	0	-250
15. Sex Offender Website Equipment	0.0	0	30
Total Policy Changes	0.0	0	508
Total 2005-07 Biennium	38.2	0	19,611
Difference from 2003-05	1.4	0	797
% Change from 2003-05	2.7%	0.0%	4.2%

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. 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.

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.

4. 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.

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

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.

6. Nonrepresented Health Benefit Chg - 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.

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. (Public Safety and Education Account-State)

8. 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)

9. 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)

10. 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)

11. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

12. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

13. 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)

14. Adjust Corrections Class Size - Funding is reduced to reflect a reduction in the total number of corrections academies. Between FY 2002 and FY 2005, the number of corrections students declined, although the number of academies provided has increased. With this change, the Commission will still be able to provide more academies than were provided in FY 2002. (Public Safety and Education Account-State)

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

15. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	2,607.6	12,146	477,501
2005-07 Maintenance Level	2,615.9	13,192	481,209
Policy Changes:			
1. Middle Management Reduction	-16.6	-39	-1,809
2. WFSE COLA/Salary Survey	0.0	294	14,879
3. Coalition COLA/Salary Survey	0.0	603	3,069
4. Super Coalition Health Benefits	0.0	211	7,117
5. Classification Revisions	0.0	0	30
6. COLA-Nonrepresented	0.0	19	990
7. Nonrepresented Health Benefit Chg	0.0	4	254
8. Salary Survey-Nonrep Staff	0.0	0	4
9. Mandatory Caseload Adjustments	0.0	0	4,867
10. General Inflation	0.0	-31	-1,332
11. Other Fund Adjustments	0.0	1,105	0
12. Indust Insur Injury Rpt (HB 1918)	1.3	0	550
13. Indust Ins Annual Audits (HB 1856)	1.0	0	316
14. Pension Rate for Gain-Sharing	0.0	-46	-1,514
15. Older Mobile Homes (SHB 1393)	0.2	43	43
16. Suspend Plan 1 UAAL Contributions	0.0	-153	-5,106
17. Medical Bill Paying - Self Insurers	1.0	0	142
18. Online Reporting & Customer Access	16.4	0	12,804
19. Self Insur Electronic Reporting *	2.0	0	1,399
20. Critical Safety and Health Data	1.0	0	1,727
21. Protect Wrkrs from Chemical Hazards	0.0	0	0
22. COHE: Center of Occupational Health	0.0	0	805
23. Pesticide Handling and App Training	0.0	0	200
24. Medical Provider Fraud and Abuse	4.5	0	2,531
25. Fraud Detection and Targeted Action	11.0	0	2,671
Total Policy Changes	21.8	2,010	44,637
Total 2005-07 Biennium	2,637.6	15,202	525,846
Difference from 2003-05	30.1	3,056	48,345
% Change from 2003-05	1.2%	25.2%	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. 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.

3. 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.

2005-07 Omnibus Operating Budget
Department of Labor and Industries

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.

5. 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.

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.

7. Nonrepresented Health Benefit Chg - 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.

8. 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.

9. 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)

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. Other Fund Adjustments - The agency's phase II cost allocation model and revised distribution of indirect costs is recognized. Allocation to the Public Works Administration Account is delayed until 2007. (General Fund-State, multiple funds)

12. 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)

13. Indust Ins Annual Audits (HB 1856) - Funding is provided to implement Substitute House Bill 1856 (annual audits of the estate industrial insurance fund). If the bill is not enacted by June 30, 2005, the funding shall lapse. (Accident Account, Medical Aid Account)

14. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

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

15. 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.

16. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

17. 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)

18. Online Reporting & Customer Access - Funding is provided for the Department of Labor and Industries 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)

19. 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)

20. 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)

21. Protect Wrkrs from Chemical Hazards - Current protections for workers from chemical hazards will be accomplished by shifting funding for six Department of Labor and Industries staff from the Worker and Community Right-To-Know Account (RTK) to the Accident and Medical Aid accounts. 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)

22. COHE: Center of Occupational Health - Funding is provided for the expansion of 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, including Yakima county, will form COHEs. (Accident Account, Medical Aid Account-State)

23. Pesticide Handling and App Training - Funding is provided to reimburse the Department of Agriculture for the agriculture worker pesticide handling and application training program. (Accident Account)

24. 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)

25. 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)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	8.2	1,974	1,974
2005-07 Maintenance Level	9.2	2,128	2,128
Policy Changes:			
1. COLA-Nonrepresented	0.0	37	37
2. Nonrepresented Health Benefit Chg	0.0	14	14
3. Salary Survey-Nonrep Staff	0.0	42	42
4. General Inflation	0.0	-7	-7
5. Pension Rate for Gain-Sharing	0.0	-6	-6
6. Suspend Plan 1 UAAL Contributions	0.0	-20	-20
Total Policy Changes	0.0	60	60
Total 2005-07 Biennium	9.2	2,188	2,188
Difference from 2003-05	1.0	214	214
% Change from 2003-05	12.5%	10.8%	10.8%

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.

2. Nonrepresented Health Benefit Chg - 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.

3. 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	4.4	2,207	2,207
2005-07 Maintenance Level	4.0	1,767	1,767
Policy Changes:			
1. COLA-Nonrepresented	0.0	19	19
2. Nonrepresented Health Benefit Chg	0.0	6	6
3. General Inflation	0.0	-3	-3
4. Referral Registry Pilot (Phase 1)	0.0	180	1,214
5. Pension Rate for Gain-Sharing	0.0	-4	-4
6. Suspend Plan 1 UAAL Contributions	0.0	-11	-11
7. New Agreement - HCQA Costs	0.0	58	58
Total Policy Changes	0.0	245	1,279
Total 2005-07 Biennium	4.0	2,012	3,046
Difference from 2003-05	-0.4	-195	839
% Change from 2003-05	0.0%	-8.8%	38.0%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. 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)

5. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Home Care Quality Authority**

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

7. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1,265.7	118,917	780,897
2005-07 Maintenance Level	1,306.0	125,612	864,392
Policy Changes:			
1. Middle Management Reduction	-18.5	-682	-2,036
2. Marine Water Quality	2.9	700	1,300
3. WFSE COLA/Salary Survey	0.0	1,205	5,817
4. 1199 COLA/Sal Surv/Add'l Step	0.0	40	259
5. Super Coalition Health Benefits	0.0	570	2,792
6. Classification Revisions	0.0	3	3
7. COLA-Nonrepresented	0.0	494	1,580
8. Nonrepresented Health Benefit Chg	0.0	131	437
9. Salary Survey-Nonrep Staff	0.0	243	1,304
10. General Inflation	0.0	-206	-1,224
11. Farmers Market Nutrition Program	0.0	250	250
12. Eastern WA Family Outreach Pilot	0.0	300	300
13. Precursor Drugs	0.9	0	268
14. Dental Residency Standards	0.1	0	80
15. Pension Rate for Gain-Sharing	0.0	-204	-864
16. Hospital Survey Capability-18 Month	1.3	0	256
17. Suspend Plan 1 UAAL Contributions	0.0	-692	-2,927
18. Integrated Licensing and Reg System	10.9	0	3,332
19. Infertility Prevention Project	0.0	200	200
20. Newborn Screening Clinic	0.0	0	462
21. Public Disclosure Request Increases	0.0	0	523
22. Patient Safety Practices	0.6	134	775
23. Children's Health Collaborative	0.0	25	25
24. Autism Task Force	0.2	38	38
25. Nursing Resource Center	0.0	0	452
26. TB Testing - MTD	0.8	265	265
27. WIC Caseload & Local Agency Support	2.3	0	368
28. Other Bills with State Fund Impact	0.5	149	149
29. Other Health Professions Bills	1.3	0	333
30. Mercury-Free Vaccines	0.0	0	168
Total Policy Changes	3.2	2,963	14,685
Total 2005-07 Biennium	1,309.1	128,575	879,077
Difference from 2003-05	43.5	9,658	98,180
% Change from 2003-05	3.4%	8.1%	12.6%

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. 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)

2005-07 Omnibus Operating Budget Department of Health

3. 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.

4. 1199 COLA/Sal Surv/Add'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."

5. 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.

6. 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.

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.

8. Nonrepresented Health Benefit Chg - 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.

9. 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.

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. Farmers Market Nutrition Program - Funding is provided to increase participation in the Women, Infants, and Children (WIC) Farmers' Market Nutrition Program. The program provides participants with vouchers for fresh fruits and vegetables and it is anticipated that the funding will expand the 2004 levels by 8,000 persons.

12. 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.

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

13. 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. (Health Professions Account-State)

14. Dental Residency Standards - Funding is provided to implement Substitute House Bill 1689 (dental health services), which requires the Dental Commission to establish standards for evaluating the competency of post-doctoral dental students who serve residencies in low-income dental clinics. (Health Professions Account-State)

15. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

16. 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)

17. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

18. 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)

19. Infertility Prevention Project - Funding is provided to implement effective prevention strategies to reduce the prevalence of chlamydia and gonorrhea.

20. 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)

21. 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)

22. 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; (2) providing grants, loans, and other arrangements that support efforts to reduce medical errors and enhance patient safety; and (3) requiring health care facilities to report and the Department of Health to investigate adverse medical events. (General Fund-State, Patient Safety Account-State)

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

23. Children's Health Collaborative - Funding is provided for the Department of Health (DOH) and the Kids Get Care program of Public Health - Seattle and King County to continue to work in collaboration 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.

24. Autism Task Force - Senate Bill 5311 (autism task force) establishes a 14-member task force to study and to make recommendations to the Governor and Legislature regarding the incidence and treatment of autism. Funding is provided for the Department of Health to staff the task force.

25. Nursing Resource Center - Funding is provided to implement Engrossed Senate Bill 5599 (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)

26. TB Testing - MTD - Funding is provided to increase the state public health laboratory's capacity to quickly identify suspected tuberculosis (TB) outbreaks. The Department will use these funds 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. In addition, funding is provided to conduct federally-required genotyping of TB strains, which allows for more accurate tracking, surveillance, and nationwide disease control. (General Fund-State)

27. 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)

28. Other Bills with State Fund Impact - Funds are provided for implementation of Engrossed Second Substitute House Bill 1605 (soil contamination); Substitute House Bill 1951 (vision exams for children); and Engrossed Senate Bill 5049 (mold in residential units).

29. Other Health Professions Bills - Funds are provided to implement Substitute House Bill 1075 (nursing quality commission); Substitute House Bill 1137 (physical therapy); Substitute House Bill 1168 (prescription reimportation); Engrossed Substitute Senate Bill 5470 (prescription importation); and House Bill 1546 (naturopathic physicians). (Health Professions Account-State)

30. Mercury-Free Vaccines - Funding is provided for a two-year pilot under which a limited number of parents will have the option to choose vaccines that do not contain mercury. Total expenditures on the project are limited to \$168,000. (Health Services Account-State)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	609.8	21,793	79,684
2005-07 Maintenance Level	616.9	22,951	83,802
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. WFSE COLA/Salary Survey	0.0	1,410	1,410
8. Coalition COLA/Salary Survey	0.0	166	312
9. Super Coalition Health Benefits	0.0	1,438	1,438
10. Classification Revisions	0.0	80	80
11. COLA-Nonrepresented	0.0	278	411
12. Nonrepresented Health Benefit Chg	0.0	126	139
13. Salary Survey-Nonrep Staff	0.0	208	278
14. General Inflation	0.0	-237	-237
15. Pension Rate for Gain-Sharing	0.0	-74	-292
16. Suspend Plan 1 UAAL Contributions	0.0	-254	-997
17. Veterans Conservation Corps	0.0	140	140
Total Policy Changes	-2.9	2,964	2,256
Total 2005-07 Biennium	614.0	25,915	86,058
Difference from 2003-05	4.2	4,122	6,374
% Change from 2003-05	0.7%	18.9%	8.0%

Comments:

1. Targeted Vendor Rate - Organizations that contract with the state to provide veterans post-traumatic stress disorder counseling will receive inflationary cost-of-living increases of 1.0 percent in July of each year.

2. Medical Inflation Reduction - Funding is adjusted to reflect medical inflation reductions.

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.

**2005-07 Omnibus Operating Budget
Department of Veterans' Affairs**

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. Nonrepresented Health Benefit Chg - 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.

13. 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.

14. 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.

15. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

2005-07 Omnibus Operating Budget
Department of Veterans' Affairs

16. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

17. Veterans Conservation Corps - Funding is provided to implement Senate Bill 5539 (creating a veteran's conservation corps). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	8,071.2	1,249,457	1,280,106
2005-07 Maintenance Level	8,131.0	1,365,278	1,397,052
Policy Changes:			
1. Offender Management Network (OMNI)	0.0	11,250	11,250
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. Elim Supervision of Low Risk Misd #	-22.4	-3,006	-3,006
6. Electronic Monitoring for Violators	1.3	-2,212	-2,212
7. Middle Management Reduction	-54.1	-5,867	-5,926
8. WFSE COLA/Salary Survey	0.0	4,604	5,219
9. Teamsters' COLA/Salary Survey	0.0	20,938	20,941
10. Coalition COLA/Salary Survey	0.0	49	49
11. Super Coalition Health Benefits	0.0	18,343	18,818
12. Classification Revisions	0.0	302	302
13. COLA-Nonrepresented	0.0	6,927	7,026
14. Nonrepresented Health Benefit Chg	0.0	2,572	2,601
15. Salary Survey-Nonrep Staff	0.0	3,343	3,433
16. General Inflation	0.0	-3,986	-4,091
17. Performance Contract Reduction	0.0	-600	-600
18. Pension Rate for Gain-Sharing	0.0	-4,180	-4,286
19. Suspend Plan 1 UAAL Contributions	0.0	-14,149	-14,508
20. Substance Abuse Treatment Funding	0.0	100	100
21. Inmate Property Shipping	0.0	-660	-660
22. Expand Correctional Industries	0.0	396	396
23. Delay Opening of New Units	-70.5	-7,385	-7,385
24. Expand Girl Scouts/Moms Program	0.0	276	276
Total Policy Changes	-136.2	24,903	25,585
Total 2005-07 Biennium	7,994.9	1,390,181	1,422,637
Difference from 2003-05	-76.4	140,724	142,531
% Change from 2003-05	-0.9%	11.3%	11.1%

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. Partial 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.

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

- 3. Leases, Med Inflation and Equip Red** - Funding for lease, medical inflation, and equipment increases is eliminated.
- 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. 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.
- 6. Electronic Monitoring for Violators** - Savings are assumed in conjunction with the enactment of House Bill 1136 (electronic monitoring system), 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.
- 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. 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.
- 9. 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.
- 10. 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.
- 11. 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.
- 12. 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.
- 13. 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.

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

14. Nonrepresented Health Benefit Chg - 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.

15. 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.

16. 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.

17. 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.

18. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

19. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

20. 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.

21. 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.

22. 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.

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

23. 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.

24. Expand Girl Scouts/Moms Program - Funding is provided for the current Girl Scouts Beyond Bars program to continue to serve female offenders and their daughters. The recent conversion of Pine Lodge Pre-Release facility in Spokane to a female facility has increased the travel costs for the program, which has operated until now in western Washington with donations and some funding from offender contributions. The Girl Scouts Beyond Bars program provides girls with interactions with their incarcerated mothers, providing an incentive for female offenders to prepare for reentry to society.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	67.6	3,554	19,790
2005-07 Maintenance Level	67.6	3,727	20,529
Policy Changes:			
1. Middle Management Reduction	-0.8	-16	-88
2. WFSE COLA/Salary Survey	0.0	36	211
3. Super Coalition Health Benefits	0.0	27	160
4. Classification Revisions	0.0	0	1
5. COLA-Nonrepresented	0.0	16	62
6. Nonrepresented Health Benefit Chg	0.0	4	18
7. General Inflation	0.0	-9	-55
8. Pension Rate for Gain-Sharing	0.0	-8	-40
9. Suspend Plan 1 UAAL Contributions	0.0	-27	-135
10. Caseworker Ratio & Service Costs	0.5	76	360
Total Policy Changes	-0.3	99	494
Total 2005-07 Biennium	67.3	3,826	21,023
Difference from 2003-05	-0.3	272	1,233
% Change from 2003-05	-1.5%	7.7%	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. 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.

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.

4. 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.

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.

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Dept of Services for the Blind**

6. Nonrepresented Health Benefit Chg - 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.

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 - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

9. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

10. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	10.5	1,491	1,491
2005-07 Maintenance Level	10.4	1,682	1,682
Policy Changes:			
1. COLA-Nonrepresented	0.0	33	33
2. Nonrepresented Health Benefit Chg	0.0	14	14
3. Salary Survey-Nonrep Staff	0.0	16	16
4. General Inflation	0.0	-8	-8
5. Fiscal Note Simulation Software	0.0	13	13
6. Pension Rate for Gain-Sharing	0.0	-6	-6
7. Suspend Plan 1 UAAL Contributions	0.0	-19	-19
Total Policy Changes	0.0	43	43
Total 2005-07 Biennium	10.4	1,725	1,725
Difference from 2003-05	-0.1	234	234
% Change from 2003-05	0.0%	15.7%	15.7%

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.

2. Nonrepresented Health Benefit Chg - 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.

3. 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.

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. 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.

6. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Sentencing Guidelines Commission**

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	2,181.5	0	538,687
2005-07 Maintenance Level	2,186.0	0	522,892
Policy Changes:			
1. Middle Management Reduction	-17.3	0	-1,898
2. WFSE COLA/Salary Survey	0.0	0	7,476
3. Super Coalition Health Benefits	0.0	0	4,966
4. Classification Revisions	0.0	0	19
5. COLA-Nonrepresented	0.0	0	1,194
6. Nonrepresented Health Benefit Chg	0.0	0	317
7. Salary Survey-Nonrep Staff	0.0	0	42
8. General Inflation	0.0	0	-1,367
9. State Choice - UI Functions	0.0	0	0
10. Readiness for Active Directory	0.0	0	2,087
11. Pension Rate for Gain-Sharing	0.0	0	-1,244
12. Port Jobs Program	2.0	120	120
13. Suspend Plan 1 UAAL Contributions	0.0	0	-4,188
Total Policy Changes	-15.3	120	7,524
Total 2005-07 Biennium	2,170.7	120	530,416
Difference from 2003-05	-10.8	120	-8,271
% Change from 2003-05	-0.5%	0.0%	-1.5%

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. (General Fund-Federal, General Fund-Private/Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Administrative Account-State)

2. 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.

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.

4. 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.

**2005-07 Omnibus Operating Budget
Department of Employment Security**

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.

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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-Federal, General Fund-Private/Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Administrative Account-State)

9. 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)

10. 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)

11. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

12. 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.

13. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	2,379.2	452,516	899,560
2005-07 Maintenance Level	2,390.4	485,463	934,949
Policy Changes:			
1. Homecare Worker Wages	0.0	419	827
2. Lease, Med. Inflation and Equip Red	0.0	-632	-922
3. Targeted Vendor Rate Increase	0.0	5,613	8,473
4. Middle Management Reduction	-9.4	-697	-1,037
5. WFSE COLA/Salary Survey	0.0	5,802	8,375
6. 1199 COLA/Sal Surv/Addtl Step	0.0	1	2
7. Super Coalition Health Benefits	0.0	4,384	6,335
8. Classification Revisions	0.0	6	9
9. COLA-Nonrepresented	0.0	929	1,365
10. Nonrepresented Health Benefit Chg	0.0	323	473
11. Salary Survey-Nonrep Staff	0.0	117	188
12. General Inflation	0.0	-460	-1,056
13. FTE Staff Adjustment	-3.0	0	0
14. VOCA Transfer to CTED	0.0	0	-14,642
15. Enhanced Child Welfare Services	0.0	3,500	5,000
16. Adoption Grant Enhancement	0.0	0	357
17. Children's Advocacy Centers	0.0	355	355
18. Chemical Dependency Specialists	0.0	1,144	2,288
19. CPS/Child Welfare Services Reform	86.7	10,189	14,559
20. Education Coordinators	0.0	900	1,300
21. Pension Rate for Gain-Sharing	0.0	-994	-1,440
22. Suspend Plan 1 UAAL Contributions	0.0	-3,345	-4,841
23. PSEA Shortfall	0.0	9,344	0
24. Regional Crisis Residential Centers	0.0	0	-1,712
25. Foster and Adoption Cost Management	0.0	-5,006	-7,785
Total Policy Changes	74.3	31,892	16,471
Total 2005-07 Biennium	2,464.7	517,355	951,420
Difference from 2003-05	85.6	64,839	51,860
% Change from 2003-05	3.6%	14.3%	5.8%

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)

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

2. 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)

3. 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)

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)

5. 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.

6. 1199 COLA/Sal Surv/Addtl 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."

7. 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.

8. 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.

9. 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.

10. Nonrepresented Health Benefit Chg - 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.

11. 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.

12. 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)

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

- 13. FTE Staff Adjustment** - DSHS will centralize its background check FTE staff in the Background Checks Central Unit.
- 14. 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)
- 15. Enhanced Child Welfare Services** - Funding is provided to implement provisions of Senate Bill 5922 (child neglect). If this bill is not enacted by June 30, 2005, these amounts shall lapse. (General Fund-State, General Fund-Federal)
- 16. 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)
- 17. 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 \$177,000 in FY 2006 and \$178,000 in FY 2007 may be used for children's advocacy centers. This funding may also be used for the state association of children's advocacy centers. A 50 percent match is required of children's advocacy centers receiving funding.
- 18. Chemical Dependency Specialists** - Funding is provided to implement the requirement of SB 5763 that chemical dependency specialist services be offered in each Children's Administration field office. The CA will contract for services and funding is expected to cover the costs for approximately 22 full-time equivalents. (General Fund-State, General Fund-Federal)
- 19. CPS/Child Welfare Services Reform** - Funding is provided for an additional 123.9 FTEs, including 84.3 social workers, 10.5 supervisors, 15.8 office staff and 13.3 headquarter and quality assurance and training staff to implement child protective services/child welfare services reform. Child protective services workers will investigate emergent cases within 24 hours and non-emergent cases within 72 hours for accepted referrals. Child welfare services workers will have face-to-face contact with children, parents and/or caregivers every thirty days. This funding supports the goals of the Federal Program Improvement Plan, the Braam Lawsuit settlement, and assists in addressing the findings of recent fatality reviews. (General Fund-State, General Fund-Federal)
- 20. Education Coordinators** - Funding is provided for contracted education coordinators to assist foster children succeed in the K12 and higher education systems. (General Fund-State, General Fund-Federal)
- 21. Pension Rate for Gain-Sharing** - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).
- 22. Suspend Plan 1 UAAL Contributions** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.
- 23. PSEA Shortfall** - Expenditures from the Public Safety and Education Account are reduced to reflect amounts available in the Public Safety and Education Account. Instead, these expenditures are made from the state general fund. (General Fund-State, Public Safety and Education Account-State)

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Dept of Social and Health Services
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24. Regional Crisis Residential Centers - Funding is reduced for regional crisis residential centers through modifying contracts similar to HOPE bed provisions, which provide a minimum of \$1,000 per month. In additional funding includes current utilization levels plus an additional 15 percent for improved performance. An additional \$1.7 million reduction is made in secure CRCs. (Public Safety and Education Account-State)

25. Foster and Adoption Cost Management - The budget provides a vendor rate increase for foster care and adoption support of 1.0% in FY 2006 and 1.0% in FY 2007. This step removes a portion of the additional increase in the cost per foster care and adoption support placement that was included in the mandatory caseload adjustment for estimated growth in the costs of services. The Children's Administration will take the necessary steps to ensure that the average cost per case remains within this funding level. (General Fund-State, General Fund-Federal)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1,124.2	146,812	199,174
2005-07 Maintenance Level	1,132.0	155,116	205,683
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. WFSE COLA/Salary Survey	0.0	3,685	3,716
5. 1199 COLA/Sal Surv/Addtl Step	0.0	190	190
6. Super Coalition Health Benefits	0.0	3,125	3,160
7. Classification Revisions	0.0	34	34
8. COLA-Nonrepresented	0.0	641	763
9. Nonrepresented Health Benefit Chg	0.0	211	252
10. Salary Survey-Nonrep Staff	0.0	92	157
11. General Inflation	0.0	-318	-318
12. FTE Staff Adjustment	-0.1	0	0
13. Pension Rate for Gain-Sharing	0.0	-634	-658
14. Suspend Plan 1 UAAL Contributions	0.0	-2,144	-2,226
15. Maintain Co-Occurring Disorders Pgm	0.0	1,428	1,428
16. Disposition Alt Utilization	0.0	-594	-594
17. Bed Savings-Juv. Disp. Alternatives	0.0	-744	-744
18. Payments to Counties-Juv. Disp. Alt	0.0	744	744
19. Reinvesting in Youth Program	0.0	997	997
Total Policy Changes	-5.0	5,196	5,731
Total 2005-07 Biennium	1,127.0	160,312	211,414
Difference from 2003-05	2.8	13,500	12,240
% Change from 2003-05	0.3%	9.2%	6.1%

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. 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.

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Dept of Social and Health Services
Juvenile Rehabilitation

5. 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."

6. 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.

7. 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.

8. 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.

9. Nonrepresented Health Benefit Chg - 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.

10. 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.

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

13. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

14. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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Dept of Social and Health Services
Juvenile Rehabilitation

15. Maintain Co-Occurring Disorders Pgm - Funding is provided to backfill federal funding reductions that were used to operate the Family Integrated Transitions program for juvenile offenders with co-occurring substance abuse and mental health disorders in King, Snohomish, Pierce, and Kitsap counties. The program begins treatment in the institutions and continues for up to six months after release, involving the family and a therapeutic team. The pilot program was evaluated by the Washington State Institute for Public Policy and was shown to have a 13 percent reduction in the rate of recidivism, and \$3.15 in benefits to taxpayers and victims per each dollar of cost.

16. Disposition Alt Utilization - Funding to local counties for the implementation of two disposition alternatives is reduced to more closely reflect actual expenditures on these programs. During the first eight months of FY 2005, total Juvenile Rehabilitation Administration (JRA) expenditures on the Consolidated Juvenile Services (CJS) program have been 5.5 percent below budgeted levels. Roughly half of the expenditure variance is attributable to fewer than expected juvenile offenders being adjudicated under the sentencing alternatives established pursuant Chapter 378, Laws of 2003, Partial Veto (ESSB 5903), including the Community Commitment Disposition Alternative (CCDA), Suspended Disposition Alternative (SDA), and Mental Health Disposition Alternative (MHDA).

17. Bed Savings-Juv. Disp. Alternatives - In accordance with House Bill 2073 (juvenile sentencing) and Senate Bill 5719 (community commitment), savings are achieved by: (1) expanding the eligibility requirements for the MHDA so that juvenile offenders may now be eligible for the disposition alternative regardless of commitment sentence length; and (2) permanently extending the CCDA and permitting all counties to utilize the alternative.

18. Payments to Counties-Juv. Disp. Alt - Funding is provided to local juvenile courts to implement House Bill 2073 (juvenile sentencing) and Senate Bill 5719 (community commitment), which will enable counties to deliver research-based intervention programs to juvenile offenders who would have normally been sentenced to secure placement in JRA facilities. Payments to counties are estimated based upon projected reductions in the JRA residential population for the biennium. Actual reimbursements to the counties will depend upon utilization of the disposition alternatives.

19. Reinvesting in Youth Program - Juvenile Violence Prevention grant funding is transferred from the Governor's Juvenile Justice Advisory Committee to JRA for the establishment of a reinvesting in youth pilot 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	3,051.1	663,067	1,254,828
2005-07 Maintenance Level	3,182.6	732,728	1,326,608
Policy Changes:			
1. Lease, Med. Inflation and Equip Red	0.0	-2,469	-3,448
2. Targeted Vendor Rate Increase	0.0	6,942	12,456
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. WFSE COLA/Salary Survey	0.0	8,712	9,706
7. 1199 COLA/Sal Surv/Add'l Step	0.0	2,428	2,748
8. Super Coalition Health Benefits	0.0	7,817	8,742
9. Classification Revisions	0.0	289	330
10. COLA-Nonrepresented	0.0	1,071	1,324
11. Nonrepresented Health Benefit Chg	0.0	298	370
12. Salary Survey-Nonrep Staff	0.0	634	752
13. General Inflation	0.0	-970	-1,270
14. FTE Staff Adjustment	-0.2	0	0
15. CLIP Rate Adjustment	0.0	1,350	2,698
16. Community Psych Hospital Rate Adj	0.0	6,497	6,625
17. Transition Treatment for Children	1.0	1,075	1,816
18. Non-Medicaid Services-Community	0.0	75,400	-2,200
19. State Hospital Forensic Services	59.0	7,400	8,724
20. Pharmacy Staffing	2.0	377	493
21. Evaluation and Treatment	0.0	539	539
22. Integrated Crisis Response Pilots	0.5	43	80
23. Personal Needs Allowance Increase	0.0	38	50
24. Regional Support Network RFP (1290)	1.0	150	190
25. Pension Rate for Gain-Sharing	0.0	-1,574	-1,782
26. Suspend Plan 1 UAAL Contributions	0.0	-5,332	-6,036
27. Supplemental Nursing Care	0.0	700	700
28. Integrated Assessment	1.0	356	661
29. Transfer Mitigation Funding	0.0	0	0
30. Efficiencies in Ancillary Costs	-3.0	-550	-550
31. Adjust Mitigation Funding-SCTF	0.0	-510	-510
Total Policy Changes	48.6	111,950	46,438
Total 2005-07 Biennium	3,231.2	844,678	1,373,046
Difference from 2003-05	180.1	181,611	118,218
% Change from 2003-05	5.9%	27.4%	9.4%

Comments:

1. Lease, Med. Inflation and Equip Red - Equipment purchases in the state hospitals are reduced by 45 percent from the 2003-05 level. Increased expenditures on drugs are to be limited to 5 percent for the biennium. (General Fund-State, General Fund-Federal, General Fund-Local)

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Dept of Social and Health Services
Mental Health

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)

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. 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.

7. 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."

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.

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.

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.

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Dept of Social and Health Services
Mental Health

11. Nonrepresented Health Benefit Chg - 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.

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.

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. (General Fund-State, General Fund-Federal)

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

15. 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)

16. 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)

17. 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)

18. 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 all but \$2.2 million of the lost federal funding. Of this amount, \$10 million is to be used for services to persons during and after incarceration, and \$3 million is to be used for innovative projects. The balance of the replacement funds are to be distributed back to the areas in which the non-Medicaid costs are being incurred, in the following priority order: crisis and commitment services, inpatient care, and residential care, with any residual distributed proportional to population. (General Fund-State, General Fund-Federal)

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

19. 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)

20. 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)

21. 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.

22. Integrated Crisis Response Pilots - Funding is provided for the mental health system's implementation of the integrated crisis response provisions of Senate Bill 5763 (substance abuse and mental disorders). The mental health program will train county-designated chemical dependency specialists in mental health involuntary treatment act protocols so that they may function as crisis responders in the two integrated crisis response pilot sites established in the bill. (General Fund-State, General Fund-Federal)

23. 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)

24. 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 June 30, 2005, these amounts shall lapse. (General Fund-State, General Fund-Federal)

25. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

26. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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Dept of Social and Health Services
Mental Health

27. Supplemental Nursing Care - Funding is provided for a demonstration project under which the department will partner with a mental health Regional Support Network and with a facility specializing in mental health treatment for persons with chronic medical care needs, to provide integrated care for people who need both skilled nursing and mental health care. (General Fund-State, General Fund-Federal)

28. Integrated Assessment - Funding is provided for implementation within the community mental health system of the integrated assessment provisions of Substitute Senate Bill 5763 (mental and substance abuse disorders treatment). Specific activities will include development of a single, integrated tool and protocol that will be used by all state-funded mental health and substance abuse treatment providers to screen and assess for co-occurring mental and substance abuse disorders; and training for community mental health system staff on use of that tool and protocol. (General Fund-State, General Fund-Federal)

29. 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.

30. 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.

31. 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. (\$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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	3,362.8	680,987	1,323,530
2005-07 Maintenance Level	3,310.1	733,890	1,395,990
Policy Changes:			
1. Homecare Worker Wages	0.0	10,055	19,847
2. Homecare Agency Rate Increase	0.0	635	1,235
3. Homecare Agency Supplemental Comp	0.0	130	260
4. Lease, Med. Inflation and Equip Red	0.0	-1,556	-3,011
5. Targeted Vendor Rate Increase	0.0	6,166	11,205
6. Middle Management Reduction	-8.0	-552	-881
7. WFSE COLA/Salary Survey	0.0	5,097	9,595
8. 1199 COLA/Sal Surv/Addtl Step	0.0	422	804
9. Super Coalition Health Benefits	0.0	4,970	9,375
10. Classification Revisions	0.0	117	220
11. COLA-Nonrepresented	0.0	755	1,394
12. Nonrepresented Health Benefit Chg	0.0	222	410
13. Salary Survey-Nonrep Staff	0.0	323	615
14. General Inflation	0.0	-564	-1,237
15. FTE Staff Adjustment	-1.0	0	0
16. Case Management Support	13.8	1,187	2,374
17. Community Protection	0.4	2,138	4,276
18. Basic/Basic Plus Waiver Growth	1.5	-750	250
19. Personal Needs Allowance Increase	0.0	120	240
20. Flexible Family Funding	3.0	2,500	2,500
21. Pension Rate for Gain-Sharing	0.0	-870	-1,632
22. Suspend Plan 1 UAAL Contributions	0.0	-2,939	-5,515
23. Licensed Professional Services	0.0	100	100
24. RHC Efficiencies	0.0	-1,680	-3,360
25. Administrative Rate Standardization	0.0	2,000	4,000
26. Expand Community Services	0.5	2,142	4,284
27. Expand Employment and Day Services	0.5	2,889	4,108
28. State Supplemental Payment Transfer	0.0	3,109	3,109
Total Policy Changes	10.7	36,166	64,565
Total 2005-07 Biennium	3,320.8	770,056	1,460,555
Difference from 2003-05	-42.0	89,069	137,025
% Change from 2003-05	-1.2%	13.1%	10.4%

Comments:

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

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. Homecare Agency Supplemental Comp - Funding is provided to DSHS for additional supplemental compensation increases for direct care workers employed by home care agencies. In order to be eligible for such increases, home care agencies will submit proof of a legally binding, written commitment to increase the compensation of agency home care workers, proof of the existence of a method of enforcement of the commitment that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees. (General Fund-State, General Fund-Federal)

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

5. 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 on administrative payments and instead those funds will be directed to providers whose administrative payments fall below the median. (General Fund-State, General Fund-Federal)

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, General Fund-Federal)

7. 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.

8. 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."

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

9. 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.

10. 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.

11. 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.

12. Nonrepresented Health Benefit Chg - 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.

13. 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.

14. General Inflation - Agencies are required to find 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)

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

16. 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)

17. 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)

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

18. 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)

19. 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)

20. 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 1,400 families will receive assistance as a result of this funding.

21. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

22. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

23. 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.

24. 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)

25. 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)

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

26. Expand Community Services - Funding is provided for community residential and support services for a minimum of 39 clients, which is one percent growth. Priority consideration for these placements shall be as follows: (1) children who are aging out of other state services; (2) clients without residential services who are in crisis or immediate risk of needing an institutional placement, including aging parents who are no longer able to care for their children; and (3) current waiver clients who have been assessed as having an immediate need for residential services or increase support 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. Money not spent on new clients may be used to cover service costs of existing waiver clients, including the costs of employment and day services. In addition, if excess funds are available, additional clients may be served as long as the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)

27. 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)

28. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1,123.5	1,117,673	2,343,212
2005-07 Maintenance Level	1,161.9	1,199,805	2,461,768
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	10,986	21,892
4. Nursing Home Tax Phase-Out	0.0	-4,657	-9,281
5. Homecare Agency Rate Increase	0.0	4,300	8,605
6. Homecare Agency Supplemental Comp	0.0	870	1,740
7. Lease, Med. Inflation and Equip Red	0.0	-111	-217
8. Targeted Vendor Rate Increase	0.0	5,227	9,929
9. Long Term Care Financing Task Frc #	0.0	199	397
10. Middle Management Reduction	-12.1	-866	-1,329
11. Estate Recovery	0.0	-4,600	-9,200
12. WFSE COLA/Salary Survey	0.0	1,762	3,162
13. 1199 COLA/Sal Surv/Addtl Step	0.0	834	1,671
14. Super Coalition Health Benefits	0.0	1,566	2,868
15. Classification Revisions	0.0	3	6
16. COLA-Nonrepresented	0.0	697	1,120
17. Nonrepresented Health Benefit Chg	0.0	221	353
18. Salary Survey-Nonrep Staff	0.0	20	38
19. General Inflation	0.0	-180	-398
20. Respite Compensation Increase	0.0	0	352
21. Specialized Dementia Care Program	3.0	101	202
22. Chemical Dependency Trtmt Expansion	0.0	-3,437	-6,874
23. Personal Needs Allowance Increase	0.0	1,232	2,456
24. Reduce AAA Funding	0.0	-1,413	-2,826
25. Kinship Navigator Program	0.0	200	200
26. Pension Rate for Gain-Sharing	0.0	-450	-800
27. Suspend Plan 1 UAAL Contributions	0.0	-1,523	-2,711
28. Farmers Market Nutrition	0.0	682	682
Total Policy Changes	-7.1	28,534	55,337
Total 2005-07 Biennium	1,154.9	1,228,339	2,517,105
Difference from 2003-05	31.4	110,666	173,893
% Change from 2003-05	2.8%	9.9%	7.4%

Comments:

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

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)

3. Nursing Home Rate Changes - Non-capital nursing home payment rates are modified by providing an inflationary vendor rate increase of 1.3 percent on July 1, 2005, and an additional 1.3 percent on July 1, 2006. (General Fund-State, General Fund-Federal)

4. Nursing Home Tax Phase-Out - In accordance with Engrossed Substitute House Bill 2314 (revenue and taxation), the budget assumes a phased elimination of the nursing home quality maintenance fee that was levied in 2003. Effective July 1, 2005, the tax will be reduced from \$6.50 per patient day to \$5.25 per patient day. The tax will be reduced to \$3.00 per patient day in the 2007-09 biennium and to \$1.50 per patient day in the 2009-11 biennium. After July 1, 2011, the fee is no longer imposed. These reductions will result in a commensurate reduction in the portion of the nursing home payment rate that covers the cost of the fee on behalf of state-funded patients. (General Fund-State, General Fund-Federal)

5. 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)

6. Homecare Agency Supplemental Comp - Funding is provided to DSHS for additional supplemental compensation increases for direct care workers employed by home care agencies. In order to be eligible for such increases, home care agencies will submit proof of a legally binding, written commitment to increase the compensation of agency home care workers, proof of the existence of a method of enforcement of the commitment that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees. (General Fund-State, General Fund-Federal)

7. 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)

8. 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)

9. 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)

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

10. 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)

11. 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)

12. 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.

13. 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."

14. 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.

15. 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.

16. 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.

17. Nonrepresented Health Benefit Chg - 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.

18. 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.

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

19. 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)

20. 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)

21. 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 FY 2006 and up to 150 beds in FY 2007. These additional dementia boarding home placements are expected to delay resident placements into nursing facilities. (General Fund-State, General Fund-Federal)

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

23. 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)

24. Reduce AAA Funding - State funding for Area Agencies on Aging (AAAs) is reduced by approximately 3.75 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)

25. 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.

26. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

27. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

28. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	4,500.4	888,399	2,133,588
2005-07 Maintenance Level	4,497.1	954,618	2,235,659
Policy Changes:			
1. Lease, Med. Inflation and Equip Red	0.0	-1,203	-1,848
2. Targeted Vendor Rate Increase	0.0	25,766	26,236
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	-20.4	-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. WFSE COLA/Salary Survey	0.0	9,329	14,924
9. Super Coalition Health Benefits	0.0	7,361	11,667
10. Classification Revisions	0.0	1	1
11. COLA-Nonrepresented	0.0	1,648	2,490
12. Nonrepresented Health Benefit Chg	0.0	541	817
13. Salary Survey-Nonrep Staff	0.0	553	786
14. General Inflation	0.0	-2,008	-8,100
15. FTE Staff Adjustment	-5.6	0	0
16. Replace TANF MOE Funds	0.0	15,000	15,000
17. Predictive Dialer Project	0.0	-105	-132
18. Pension Rate for Gain-Sharing	0.0	-1,612	-2,546
19. Naturalization Services	0.0	1,000	1,000
20. Suspend Plan 1 UAAL Contributions	0.0	-5,453	-8,618
21. LEP Services Enhancement	0.0	1,500	1,500
22. State Supplemental Payment Transfer	0.0	-3,109	-3,109
Total Policy Changes	-55.4	29,629	26,501
Total 2005-07 Biennium	4,441.7	984,247	2,262,160
Difference from 2003-05	-58.7	95,848	128,572
% Change from 2003-05	-1.3%	10.8%	6.0%

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. An additional \$4.5 million is added in FY 2006 and \$9.5 million in FY 2007 specifically for child care provider rates, including \$500,000 per year for the Spokane MSA and \$500,000 per year for tiered-reimbursement pilot projects. (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.

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

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)

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. 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.

9. 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.

10. 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.

11. 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.

12. Nonrepresented Health Benefit Chg - 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.

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Dept of Social and Health Services
Economic Services Administration

13. 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.

14. 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)

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

16. 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.

17. 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)

18. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

19. 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.

20. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

21. 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.

22. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	97.3	81,332	236,227
2005-07 Maintenance Level	98.4	83,142	244,356
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. WFSE COLA/Salary Survey	0.0	116	141
6. Super Coalition Health Benefits	0.0	90	110
7. COLA-Nonrepresented	0.0	236	309
8. Nonrepresented Health Benefit Chg	0.0	72	94
9. Salary Survey-Nonrep Staff	0.0	16	26
10. General Inflation	0.0	-112	-262
11. Chemical Dependency Trtmt Expansion	3.0	21,075	32,952
12. Expand Alcohol/Drug Trtmt for Youth	0.0	5,045	6,726
13. Rate Increase for Residential	0.0	5,000	5,000
14. Integrated Crisis Response Pilots	0.0	6,194	6,194
15. Intensive Case Management Pilots	0.0	488	488
16. Pension Rate for Gain-Sharing	0.0	-56	-72
17. Suspend Plan 1 UAAL Contributions	0.0	-187	-240
18. Safe Mother/Babies Sustainable Fund	0.0	1,760	3,200
19. Integrated Assessment	1.0	299	460
Total Policy Changes	-0.3	41,049	59,566
Total 2005-07 Biennium	98.1	124,191	303,922
Difference from 2003-05	0.9	42,859	67,695
% Change from 2003-05	1.0%	52.7%	28.7%

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)

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

5. 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.

6. 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.

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.

8. Nonrepresented Health Benefit Chg - 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.

9. 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.

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, General Fund-Private/Local)

11. 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 (1) double chemical dependency treatment services over the FY 2004 level by the second year of the 2005-07 biennium for SSI-related aged, blind, and disabled Medicaid-eligible adults; and (2) increase treatment services for other Medicaid-eligible adults by 50 percent during the same timeframe. The expansion of the program will be phased in over the biennium. 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 \$16.5 million in General Fund-State and \$14.6 million in General Fund-Federal during the 2005-07 biennium due to reduced utilization of nursing homes, state hospitals, and medical services. (General Fund-State, General Fund-Federal)

12. 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)

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

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

14. Integrated Crisis Response Pilots - Funding is provided pursuant to SB 5763, to implement two cross-systems crisis responder pilots that utilize an integrated involuntary treatment act approach. If SB 5763 is not enacted by June 30, 2005, the amounts provided shall lapse.

15. Intensive Case Management Pilots - Funding is provided pursuant to SB 5763, to implement two intensive chemical dependency case management pilots. If SB 5763 is not enacted by June 30, 2005, the amounts provided shall lapse.

16. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

17. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

18. 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)

19. Integrated Assessment - Funding is provided to develop an integrated mental health/substance abuse screening and assessment tool to be used by the Mental Health Division and Division of Alcohol and Substance Abuse. Funding also covers training and quality assurance. If SB 5763 is not enacted by June 30, 2005, the amounts provided shall lapse. (General Fund-State, General Fund-Federal)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1,028.6	2,368,690	7,262,631
2005-07 Maintenance Level	1,088.2	3,040,644	8,032,697
Policy Changes:			
1. Targeted Vendor Rate Increase	0.0	28,146	61,112
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. Hospital Payment Study	0.0	225	450
8. Expand Drug Cost Management	1.0	-3,739	-6,907
9. Patients Requiring Review	8.0	-5,334	-10,668
10. MAA Forecast	0.0	0	323
11. WFSE COLA/Salary Survey	0.0	620	2,584
12. 1199 COLA/Sal Surv/Addtl Step	0.0	1	4
13. Super Coalition Health Benefits	0.0	537	2,189
14. COLA-Nonrepresented	0.0	521	1,548
15. Nonrepresented Health Benefit Chg	0.0	164	492
16. Salary Survey-Nonrep Staff	0.0	22	44
17. General Inflation	0.0	-612	-4,064
18. FTE Staff Adjustment	-0.1	0	0
19. Non-Medicaid Services-Community	0.0	4,600	0
20. Chemical Dependency Trtmt Expansion	0.0	-13,027	-24,240
21. Pension Rate for Gain-Sharing	0.0	-174	-626
22. IGT Design	0.0	31,137	-335,144
23. Medical Nutrition Scope of Coverage	3.0	-2,584	-5,167
24. School Ad-Match	-2.0	-123	-18,244
25. MAA Relocation	0.0	594	1,188
26. Suspend Plan 1 UAAL Contributions	0.0	-591	-2,123
27. Medical Equipment Cost Management	0.0	-4,179	-8,354
28. Increased Rebates and Recoveries	2.0	-7,145	-14,290
29. Newborn Screening Clinic	0.0	100	100
Total Policy Changes	-3.7	36,669	-264,827
Total 2005-07 Biennium	1,084.5	3,077,313	7,767,870
Difference from 2003-05	55.9	708,623	505,239
% Change from 2003-05	5.3%	29.9%	7.0%

Comments:

1. Targeted Vendor Rate Increase - Funding is provided for a 1.0 percent inflationary cost-of-living increase in July of each year for organizations and individuals that contract with the state to provide medical assistance services. Hospitals will receive a larger increase, totaling 1.3 percent each year. Hospital inpatient rate increases are to be distributed on a non-standard basis, so that hospitals whose current rates are farthest below the statewide average will receive more than the average increase, while those with rates higher than the average receive less. In addition to the standard vendor rate increase of 1.0 percent, family practice physicians practicing in rural areas, as defined by RCW 43.160.020, will receive a \$194 increase to the labor and delivery case rate in FY 2006 which will then increase to \$410 in FY 2007. Managed care payment rates are increased sufficiently for carriers to pass on at least the same level of increase to their network providers. (General Fund-State, Health Services Account-State, General Fund-Federal)

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

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. (General Fund-State, General Fund-Federal)

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 is directed to manage enrollment to keep program expenditures at or below the appropriated level. (General Fund-State, General Fund-Federal)

7. 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)

8. Expand Drug Cost Management - The evidence-based prescription drug program established pursuant to Senate Bill 6088 (chapter 29, Laws of 2003, 1st sp. session) will be expanded to include a total of approximately 50 therapeutic drug classes. The preferred drug will be the least costly, equally effective drug or drugs in each class, as determined by the Health Care Authority administrator based upon clinical evidence reviews by the pharmacy and therapeutics committee. The therapeutic interchange and dispense-as-written provisions of SB 6088 will apply to all of these additional drug classes. (General Fund-State, General Fund-Federal, Health Services Account-State)

9. 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)

10. 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)

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

11. 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.

12. 1199 COLA/Sal Surv/Addtl 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."

13. 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.

14. 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.

15. Nonrepresented Health Benefit Chg - 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.

16. 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.

17. 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.

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

19. 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)

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

20. 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 (1) double chemical dependency treatment services over the FY 2004 level by the second year of the 2005-07 biennium for SSI-related aged, blind, and disabled Medicaid-eligible adults; and (2) increase treatment services for other Medicaid-eligible adults by 50 percent during the same timeframe. The expansion of the program will be phased in over the biennium. 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 \$16.5 million in General Fund-State and \$14.6 million in General Fund-Federal during the 2005-07 biennium due to reduced utilization of nursing homes, state hospitals, and medical services. (General Fund-State, General Fund-Federal)

21. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

22. 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)

23. 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)

24. 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)

25. 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)

26. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

27. 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)

28. Increased Rebates and Recoveries - Eight additional staff are provided for the Office of Financial Recovery to pursue collection of disputed drug manufacturer rebates and medical provider over-payments. Additionally, the number of third-party liability and provider audits will be increased through the addition of two additional staff. The department will track actual savings achieved in this step and report quarterly to the medical assistance forecast technical workgroup on its progress in attaining the targeted savings. (General Fund-State, General Fund-Federal)

29. 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)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	346.4	20,905	108,040
2005-07 Maintenance Level	348.8	21,812	111,575
Policy Changes:			
1. Lease, Med. Inflation and Equip Red	0.0	-208	-208
2. Middle Management Reduction	-1.8	-42	-201
3. WFSE COLA/Salary Survey	0.0	230	1,001
4. Super Coalition Health Benefits	0.0	207	874
5. COLA-Nonrepresented	0.0	71	310
6. Nonrepresented Health Benefit Chg	0.0	22	99
7. Salary Survey-Nonrep Staff	0.0	2	8
8. General Inflation	0.0	-38	-213
9. FTE Staff Adjustment	-0.1	0	0
10. Pension Rate for Gain-Sharing	0.0	-44	-196
11. Suspend Plan 1 UAAL Contributions	0.0	-151	-660
12. Adjust Grant Levels	0.0	691	-698
Total Policy Changes	-1.9	740	116
Total 2005-07 Biennium	346.9	22,552	111,691
Difference from 2003-05	0.5	1,647	3,651
% Change from 2003-05	0.3%	7.9%	3.4%

Comments:

1. Lease, Med. Inflation and Equip Red - Funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement is eliminated.

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. 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.

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.

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.

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

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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 will centralize its staff performing background check work into a single background check unit.

10. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

11. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

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

		Conference Proposal		
	FTEs	GF-S	Total	
2003-05 Estimated Expenditures	641.1	67,778	127,972	
2005-07 Maintenance Level	669.6	64,761	128,037	
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. Reduce Family Policy Council	-2.0	0	-2,384	
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. WFSE COLA/Salary Survey	0.0	1,006	1,177	
9. Super Coalition Health Benefits	0.0	750	903	
10. COLA-Nonrepresented	0.0	1,781	2,323	
11. Nonrepresented Health Benefit Chg	0.0	574	741	
12. Salary Survey-Nonrep Staff	0.0	386	473	
13. General Inflation	0.0	-25	-338	
14. FTE Staff Adjustment	15.6	0	0	
15. DV Prevention (HB 1314)	0.0	0	1,345	
16. Employer Health Coverage Survey	0.5	75	105	
17. Fircrest Transition Team	-3.0	-1,236	-2,472	
18. Government Performance (HB 1064)	1.0	109	158	
19. Pension Rate for Gain-Sharing	0.0	-428	-542	
20. Suspend Plan 1 UAAL Contributions	0.0	-1,446	-1,824	
21. Increased Rebates and Recoveries	8.0	753	1,142	
22. Indirect Overhead for Cap Fac	3.0	328	490	
23. Reinvesting in Youth Program	0.0	-997	-997	
24. TeamChild	0.0	500	500	
Total Policy Changes	-105.4	-1,918	-7,292	
Total 2005-07 Biennium	564.3	62,843	120,745	
Difference from 2003-05	-76.9	-4,935	-7,227	
% Change from 2003-05	-12.0%	-7.3%	-5.6%	

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)

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

3. Reduce Family Policy Council - The Family Policy Council is reduced by approximately \$1.2 million per year. Savings will be achieved through the reduction of both staff and grants to local communities. (Violence Reduction and Drug Enforcement Account-State)

4. 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)

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. (Administrative Hearings Revolving Account-State)

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. 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.

9. 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.

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.

11. Nonrepresented Health Benefit Chg - 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.

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.

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

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 (DSHS) will centralize its background check FTE staff in the Background Checks Central Unit. (General Fund-State, General Fund-Federal)

15. DV Prevention (HB 1314) - Funding is provided for the implementation of Engrossed Substitute House Bill No. 1314 (domestic violence prevention). (Domestic Violence Prevention Account)

16. Employer Health Coverage Survey - Funds are provided to implement Substitute House Bill 1486 (health care services), which requires the department to report annually on the employment status of medical assistance enrollees, and who their employers are. (General Fund-State, General Fund-Federal)

17. 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. (General Fund-State, General Fund-Federal)

18. 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)

19. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

20. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

21. Increased Rebates and Recoveries - Eight additional staff are provided for the Office of Financial Recovery to pursue collection of disputed drug manufacturer rebates and medical provider over-payments. Additionally, the number of third-party liability and provider audits will be increased through the additional of two staff. The department will track actual savings achieved in this step and report quarterly to the medical assistance forecast technical workgroup on its progress in attaining the targeted savings. (General Fund-State, General Fund-Federal)

22. Indirect Overhead for Cap Fac - Funding is transferred from the capital budget to the operating budget for the overhead costs of DSHS's indirect capital management. (General Fund-State, General Fund-Federal)

23. Reinvesting in Youth Program - Funding in the amount of \$997,000 from the Juvenile Violence Prevention grant program is transferred to the Juvenile Rehabilitation Administration for the establishment of a Reinvesting in Youth Pilot program. (General Fund)

24. 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	Conference Proposal 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. (General Fund-State, General Fund-Federal)

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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	150.4	0	0
2005-07 Maintenance Level	150.4	79	79
Policy Changes:			
1. General Inflation	<u>0.0</u>	<u>-79</u>	<u>-79</u>
Total Policy Changes	0.0	-79	-79
Total 2005-07 Biennium	150.4	0	0
Difference from 2003-05	0.0	0	0
% 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	8.5	691	1,362
2005-07 Maintenance Level	8.5	792	1,494
Policy Changes:			
1. COLA-Nonrepresented	0.0	18	38
2. Nonrepresented Health Benefit Chg	0.0	6	12
3. General Inflation	0.0	-2	-4
4. Citizen Services - Mediation	0.0	9	18
5. Mandatory Planning Services	2.3	138	276
6. Pension Rate for Gain-Sharing	0.0	-2	-4
7. Suspend Plan 1 UAAL Contributions	0.0	-10	-21
Total Policy Changes	2.3	157	315
Total 2005-07 Biennium	10.8	949	1,809
Difference from 2003-05	2.3	258	447
% Change from 2003-05	37.5%	37.3%	32.8%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. 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)

5. 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)

6. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Columbia River Gorge Commission**

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

		Conference Proposal		
	FTEs	GF-S	Total	
2003-05 Estimated Expenditures	1,395.6	72,261	325,068	
2005-07 Maintenance Level	1,463.2	75,874	361,825	
Policy Changes:				
1. Columbia River Initiative	1.0	200	200	
2. Oil Spill Early Action & Prevention	4.0	0	1,630	
3. US vs Washington (Culverts) Lawsuit	0.0	47	47	
4. Reduce Flood Control Grants	0.0	0	-1,000	
5. 2005 Emergency Drought Declaration	3.5	0	725	
6. Middle Management Reduction	-22.5	-696	-2,473	
7. WFSE COLA/Salary Survey	0.0	2,056	8,052	
8. Super Coalition Health Benefits	0.0	922	3,430	
9. Classification Revisions	0.0	4	93	
10. COLA-Nonrepresented	0.0	413	1,281	
11. Nonrepresented Health Benefit Chg	0.0	106	289	
12. Salary Survey-Nonrep Staff	0.0	68	118	
13. General Inflation	0.0	-471	-913	
14. Sustain Water Activities	0.0	0	0	
15. Statewide Streamflow Gauging	3.0	454	324	
16. Enhance Well Construction Program *	2.0	-300	361	
17. Municipal Stormwater Permit	7.5	0	1,274	
18. Water Quality Certifications	1.5	300	300	
19. Beyond Waste & Business Assistance	8.2	0	3,175	
20. Community Right to Know Fund Shift	0.0	0	0	
21. Reduce PBTs in the Environment	5.0	0	1,403	
22. Cleanup Toxic Sites	0.0	0	9,000	
23. Enhance Voluntary Cleanups	3.0	0	270	
24. Continue Marine Sediment Monitoring	0.0	0	0	
25. Wetland Banking Pilot Rule	2.0	395	395	
26. Water Right Mediation	0.0	176	176	
27. Soil Contamination	0.8	0	250	
28. Pension Rate for Gain-Sharing	0.0	-264	-980	
29. Suspend Plan 1 UAAL Contributions	0.0	-892	-3,303	
30. SB 5699 Aquatic Invasive Species	0.0	0	509	
31. Ocean Policy Review	1.6	100	100	
32. Shoreline Planning Grants	0.0	2,500	2,500	
Total Policy Changes	20.6	5,118	27,233	
Total 2005-07 Biennium	1,483.7	80,992	389,058	
Difference from 2003-05	88.2	8,731	63,990	
% Change from 2003-05	6.3%	12.1%	19.7%	

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 support efforts related to water storage and water measuring devices.

2005-07 Omnibus Operating Budget Department of Ecology

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. 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.

4. Reduce Flood Control Grants - The Flood Control Assistance Account Program is reduced by 25 percent for the 2005-07 biennium. A total of \$2.3 million will continue to be provided for local government flood damage reduction projects, comprehensive hazard management plans, and flood mapping. Another \$700,000 is available to provide technical assistance for the National Flood Insurance Program, flood control projects, and other program activities. (Flood Control Assistance Account)

5. 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)

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. 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.

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.

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.

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.

11. Nonrepresented Health Benefit Chg - 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.

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

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.

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. 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)

15. 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)

16. Enhance Well Construction Program * - Funding is provided to implement Senate Bill 5831 (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)

17. 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)

18. Water Quality Certifications - Projects proposed to be built in wetlands or in 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.

19. Beyond Waste & Business Assistance - Funding is provided for the department to implement the "never 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)

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

20. 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)

21. 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)

22. 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)

23. 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)

24. 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)

25. 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.

26. 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.

27. Soil Contamination - Funding is provided to implement Engrossed Second Substitute House Bill 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)

28. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

2005-07 Omnibus Operating Budget
Department of Ecology

29. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

30. SB 5699 Aquatic Invasive Species - Funding is provide to implement the provisions of Engrossed Substitute Senate Bill 5699 (preventing and controlling aquatic invasive species and algae). The bill increases additional vessel registration fees by \$3 and deposits these moneys in three new dedicated accounts for aquatic invasive species prevention and enforcement, and freshwater aquatic algae control.

31. Ocean Policy Review - Funding is provided for the department to support the review of ocean policy issues. By December, 2006, the Governor's office shall provide a report summarizing the condition of Washington's ocean resources, recommend improvements in coordination between state agencies and other jurisdictions, recommend measures to protect and manage ocean resources, and recommend measures to finance ocean protection, management, and development programs.

32. Shoreline Planning Grants - 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	7.1	0	1,902
2005-07 Maintenance Level	7.1	0	1,933
Policy Changes:			
1. COLA-Nonrepresented	0.0	0	32
2. Nonrepresented Health Benefit Chg	0.0	0	9
3. General Inflation	0.0	0	-3
4. Oil Heat Education and Outreach	0.0	0	52
5. Pension Rate for Gain-Sharing	0.0	0	-4
6. Suspend Plan 1 UAAL Contributions	0.0	0	-18
Total Policy Changes	0.0	0	68
Total 2005-07 Biennium	7.1	0	2,001
Difference from 2003-05	0.0	0	99
% Change from 2003-05	0.0%	0.0%	5.2%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. 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)

5. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

6. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	694.6	60,420	104,756
2005-07 Maintenance Level	697.7	62,723	108,871
Policy Changes:			
1. Middle Management Reduction	-6.1	-590	-659
2. Parks License Plate *	0.0	0	10
3. Operating Costs - New Projects	4.0	525	845
4. Balance to Available Revenue	-0.7	0	-108
5. WFSE COLA/Salary Survey	0.0	4,252	4,720
6. Super Coalition Health Benefits	0.0	1,078	1,188
7. Classification Revisions	0.0	669	742
8. COLA-Nonrepresented	0.0	386	621
9. Nonrepresented Health Benefit Chg	0.0	110	122
10. Salary Survey-Nonrep Staff	0.0	61	74
11. General Inflation	0.0	-81	-500
12. Pension Rate for Gain-Sharing	0.0	-272	-338
13. Suspend Plan 1 UAAL Contributions	0.0	-914	-1,143
14. Build and Operate Cabins and Yurts	9.8	0	1,034
15. Ice Age Floods Plan	0.0	0	185
16. Move Project Scoping to Operating	0.5	300	300
17. Public Safety and Risk Reduction	1.5	473	673
18. LCIC Fee Collection	3.3	0	268
19. Fort Worden Furnishing Replacement	0.0	476	575
Total Policy Changes	12.3	6,473	8,609
Total 2005-07 Biennium	709.9	69,196	117,480
Difference from 2003-05	15.4	8,776	12,724
% Change from 2003-05	2.2%	14.5%	12.1%

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. Parks License Plate * - Funding is provided to implement Senate Bill 5316, (parks license plate). The bill allows for the sale of a new State Parks and Recreation Commission license plate. Revenues will be used to expand the availability of interpretive, recreational and historical materials for sale at state parks. (Parks Improvement Account-Nonappropriated)

3. 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)

4. 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)

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

5. 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.

6. 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.

7. 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.

8. 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.

9. Nonrepresented Health Benefit Chg - 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.

10. 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

13. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

14. 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)

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

15. 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)

16. 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.

17. 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)

18. 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)

19. Fort Worden Furnishing Replacement - One-time funding is provided to replace 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	26.6	2,628	24,540
2005-07 Maintenance Level	28.1	2,774	25,029
Policy Changes:			
1. Technical Adjustments	0.0	0	150
2. WFSE COLA/Salary Survey	0.0	0	214
3. Super Coalition Health Benefits	0.0	0	52
4. COLA-Nonrepresented	0.0	8	80
5. Nonrepresented Health Benefit Chg	0.0	2	21
6. Salary Survey-Nonrep Staff	0.0	0	8
7. General Inflation	0.0	-2	-10
8. Pension Rate for Gain-Sharing	0.0	-2	-26
9. Suspend Plan 1 UAAL Contributions	0.0	-5	-86
10. Outdoor Recreation Resource Plan	0.0	0	152
11. Pacific NW Aquatic Monitoring	0.0	40	40
12. Technology Enhancements	0.0	0	359
Total Policy Changes	0.0	41	954
Total 2005-07 Biennium	28.1	2,815	25,983
Difference from 2003-05	1.5	187	1,443
% Change from 2003-05	3.7%	7.1%	5.9%

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. 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.

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.

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.

**2005-07 Omnibus Operating Budget
Interagency Comm for Outdoor Rec**

5. Nonrepresented Health Benefit Chg - 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.

6. 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.

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 - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

9. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

10. 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)

11. 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.

12. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	9.0	1,942	1,942
2005-07 Maintenance Level	9.0	2,006	2,006
Policy Changes:			
1. COLA-Nonrepresented	0.0	41	41
2. Nonrepresented Health Benefit Chg	0.0	10	10
3. General Inflation	0.0	-5	-5
4. Reduce Appeal Resolution Timelines	0.0	38	38
5. Salary Increases	0.0	60	60
6. Pension Rate for Gain-Sharing	0.0	-6	-6
7. Suspend Plan 1 UAAL Contributions	0.0	-23	-23
Total Policy Changes	0.0	115	115
Total 2005-07 Biennium	9.0	2,121	2,121
Difference from 2003-05	0.0	179	179
% Change from 2003-05	0.0%	9.2%	9.2%

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.

2. Nonrepresented Health Benefit Chg - 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.

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. 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.

5. 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. This increase will bring these positions into line with similar positions in state government.

6. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Environmental Hearings Office**

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	12.8	4,487	6,909
2005-07 Maintenance Level	12.3	4,275	6,470
Policy Changes:			
1. COLA-Nonrepresented	0.0	30	50
2. Nonrepresented Health Benefit Chg	0.0	9	16
3. Salary Survey-Nonrep Staff	0.0	0	10
4. General Inflation	0.0	-5	-9
5. Sustaining Conservation Ops #	0.0	200	200
6. Supporting Local Accountability	0.0	0	62
7. Prof Engineering Grants Program	0.0	0	300
8. Livestock Nutrient Assistance	0.0	0	1,600
9. Pension Rate for Gain-Sharing	0.0	-4	-8
10. Suspend Plan 1 UAAL Contributions	0.0	-17	-28
Total Policy Changes	0.0	213	2,193
Total 2005-07 Biennium	12.3	4,488	8,663
Difference from 2003-05	-0.5	1	1,754
% Change from 2003-05	-7.7%	0.0%	25.4%

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.

2. Nonrepresented Health Benefit Chg - 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.

3. 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.

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

6. 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)

**2005-07 Omnibus Operating Budget
State Conservation Commission**

7. 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)

8. 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)

9. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

10. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	1,533.2	83,031	282,290
2005-07 Maintenance Level	1,535.0	86,808	295,737
Policy Changes:			
1. Technical Adjustments	0.0	0	-121
2. Wildlife Fund-State Adjustment	-13.5	0	-3,146
3. WILD System Replacement	0.0	0	300
4. Genetics Lab Resources	0.0	21	21
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. WFSE COLA/Salary Survey	0.0	1,408	3,688
9. WPEA COLA/Salary Survey	0.0	194	541
10. Coalition COLA/Salary Survey	0.0	791	1,735
11. Super Coalition Health Benefits	0.0	1,047	2,759
12. Classification Revisions	0.0	33	135
13. COLA-Nonrepresented	0.0	929	2,342
14. Nonrepresented Health Benefit Chg	0.0	254	685
15. Salary Survey-Nonrep Staff	0.0	356	824
16. General Inflation	0.0	-300	-1,110
17. Infrastructure Replacement	0.0	0	175
18. Hydraulic Permit Management System	0.0	0	300
19. Temporary Fishing Licenses *	0.0	0	4
20. Wild Salmon Monitoring	2.0	200	200
21. Hunter Education Training	0.0	0	46
22. F&W Violations (ESHB 1696)	0.7	0	398
23. Chum Salmon Production	0.0	20	20
24. Damage to Livestock by Cougars	0.0	0	50
25. Canada Goose Hunting Days	0.0	0	90
26. Pension Rate for Gain-Sharing	0.0	-354	-872
27. Suspend Plan 1 UAAL Contributions	0.0	-1,195	-2,968
28. Aquatic Invasive Species *	4.5	0	750
29. Pacific Salmon Treaty	0.0	703	703
30. Crab Pot Buoy Tag *	0.0	0	274
31. Grizzly Bear Education	0.0	75	75
32. Reduce HSRG Funding	0.0	0	-550
33. Naselle Hatchery Operations & Maint	0.0	0	481
34. Ocean Policy Review Commission *	1.0	100	100
35. Safety Equipment Upgrade	0.0	0	166
36. Wildlife Harvest Reports *	1.0	0	223
37. Hunter Access to Private Lands *	2.0	0	1,900
38. Primary Turkey Tag Isolation *	0.5	0	120
39. Big Game Hunting License *	0.5	0	72
Total Policy Changes	-18.3	3,488	8,919
Total 2005-07 Biennium	1,516.8	90,296	304,656
Difference from 2003-05	-16.5	7,265	22,366
% Change from 2003-05	-1.0%	8.7%	7.9%

**2005-07 Omnibus Operating Budget
Dept of Fish and Wildlife***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, middle management, 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)

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

- 9. 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.

- 10. 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.

2005-07 Omnibus Operating Budget Dept of Fish and Wildlife

11. 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.

12. 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.

13. 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.

14. Nonrepresented Health Benefit Chg - 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.

15. 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.

16. 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.

17. 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)

18. 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)

19. Temporary Fishing Licenses * - Funding is provided to implement Substitute House Bill 1210 (temporary fishing licenses). The bill eliminates the current two-day temporary fishing license and replaces it with a variable one to five day temporary fishing license. One-time funding is provided for rule-making. (State Wildlife Account-State)

20. 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 Salmon Recovery Funding Board 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.

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

21. 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)

22. F&W Violations (ESHB 1696) - Funding is provided to implement Engrossed Substitute House Bill 1696 (fish and wildlife violations). The bill 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)

23. Chum Salmon Production - Ongoing funding is provided for chum salmon production at Minter Creek Hatchery.

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

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

26. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

27. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2006. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

28. Aquatic Invasive Species * - Funding is provided to implement Engrossed Substitute Senate Bill 5699 (Aquatic Invasive Species). The bill increases additional vessel registration fees by \$3 and deposits these moneys in three new dedicated accounts for aquatic invasive species prevention and enforcement, and freshwater aquatic algae control. (Freshwater Aquatic Algae Control Account)

29. Pacific Salmon Treaty - One-time funding is provided to purchase six purse seine and three gill net licenses to meet the provisions of the United States/Canada salmon treaty.

30. Crab Pot Buoy Tag * - Funding is provided to implement Senate Bill 6033 (Crab Pot Buoy Tag). The bill expands the crab pot buoy tag program from the Puget Sound commercial Dungeness crab fishery to the coastal crab fishery. In addition, the bill authorizes the department to assess a fee on the license holders in the commercial coastal Dungeness crab fishery to pay for the buoy tag program. (Washington Coastal Crab Pot Buoy Tag Account - Non Appropriated)

31. Grizzly Bear Education - Funding is provided for the Grizzly Bear Outreach Project to disseminate information about grizzly bears in the North Cascade mountains and the grizzly bear recovery process.

32. Reduce HSRG Funding - Funding is reduced for the implementation of the hatchery scientific review group's hatchery reform recommendations. A total of \$450,000 of state general funding will continue to be provided to implement the review groups recommendations. (State Wildlife Account-State)

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

34. Ocean Policy Review Commission * - Funding is provided for the department to support the review of ocean policy issues. By December, 2006, the Governor's office shall provide a report summarizing the condition of Washington's ocean resources, recommend improvements in coordination between state agencies and other jurisdictions, recommend measures to protect and manage ocean resources, and recommend measures to finance ocean protection, management, and development programs.

35. 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)

36. Wildlife Harvest Reports * - Funding is provided to implement Substitute Senate Bill 5227 (Wildlife Harvest Reports). The bill allows the Department to require the reporting of harvesting effort for wildlife. In addition, the Department may set an administrative fee of up to ten dollars for failure to report harvesting effort, which must be paid before a current license may be obtained. (State Wildlife Account-State)

37. Hunter Access to Private Lands * - Funding is provided to implement Substitute Senate Bill 5234 (hunter access to private lands).

38. Primary Turkey Tag Isolation * - Funding is provided to implement Senate Bill 5232 (Requiring a turkey tag to hunt for turkey).

39. 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	1,444.5	91,225	314,445
2005-07 Maintenance Level	1,443.6	79,850	301,730
Policy Changes:			
1. Middle Management Reduction	-13.1	-380	-1,451
2. Balance to Available Revenue	-30.5	0	8,035
3. US v Washington (Culverts) Lawsuit	0.0	0	329
4. WFSE COLA/Salary Survey	0.0	410	1,842
5. WPEA COLA/Salary Survey	0.0	616	3,306
6. Super Coalition Health Benefits	0.0	681	2,978
7. Classification Revisions	0.0	3	244
8. COLA-Nonrepresented	0.0	366	1,417
9. Nonrepresented Health Benefit Chg	0.0	98	410
10. Salary Survey-Nonrep Staff	0.0	45	232
11. General Inflation	0.0	-548	-1,628
12. Contaminated Sediments	0.0	0	2,155
13. Aquatic Endangered Species Act	3.0	0	2,129
14. Seagrass Monitoring and Management	1.4	0	345
15. Shellfish Settlement	0.0	9,000	11,000
16. Correctional Camps	2.4	0	257
17. Dispersed Recreation	3.7	596	596
18. Height Modernization Grant	1.6	0	5,000
19. Fulfill Forest & Fish Commitments	11.0	2,300	2,300
20. Risk Management - Fire Shelters	0.0	0	608
21. Geoduck Harvest (E2SHB 1896)	0.6	0	138
22. Pension Rate for Gain-Sharing	0.0	-194	-814
23. Suspend Plan 1 UAAL Contributions	0.0	-655	-2,763
24. RTA Systems Replacement Project	4.6	158	2,245
25. Forest Review Council	0.0	500	1,000
26. Ocean Policy Review	0.5	0	92
27. WCC-WDFW & DNR Cooperative Program	1.5	131	131
Total Policy Changes	-13.4	13,127	40,133
Total 2005-07 Biennium	1,430.2	92,977	341,863
Difference from 2003-05	-14.3	1,752	27,418
% Change from 2003-05	-1.0%	1.9%	8.7%

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. 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)

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Department of Natural Resources**

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. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. Nonrepresented Health Benefit Chg - 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.

10. 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.

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. 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)

2005-07 Omnibus Operating Budget
Department of Natural Resources

13. 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. (General Fund-Federal, Aquatic Land Enhancement Account-State)

14. 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)

15. 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. (General Fund-State, Aquatic Lands Enhancement Account-State)

16. 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. 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)

17. 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.

18. 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)

19. Fulfill Forest & Fish Commitments - Funding is provided to fulfill compliance monitoring commitments expressed in the Forests & Fish Report (FFR) and to maintain the involvement of technical experts within the Department of Natural Resources (DNR) and other state agencies involved with FFR implementation. Compliance monitoring has been incorporated into the states' forest practices rules, and is part of the habitat conservation plan (HCP) the state is preparing to obtain federal Endangered Species Act and Clean Water Act assurances. Funding is also provided to meet reporting requirements that are part of the implementation agreement governing the HCP, and to defend the HCP against anticipated legal challenges.

20. 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)

21. 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)

22. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

2005-07 Omnibus Operating Budget
Department of Natural Resources

23. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

24. RTA Systems Replacement Project - A combination of one-time and ongoing funding 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)

25. Forest Review Council - Funding is provided for a review of the future of Washington's forest products industry, and expectations of future earnings from state granted lands. The review will be conducted by the University of Washington.

26. Ocean Policy Review - Funding is provided for the department to support the review of ocean policy issues. By December, 2006, the Governor's office shall provide a report summarizing the condition of Washington's ocean resources, recommend improvements in coordination between state agencies and other jurisdictions, recommend measures to protect and manage ocean resources, and recommend measures to finance ocean protection, management, and development programs. (Resource Management Cost Account)

27. WCC-WDFW & DNR Cooperative Program - The Department of Natural Resources and the Department of Fish and Wildlife (WDFW) jointly operate a Washington Conservation Corps (WCC) program that serves both agencies. Corps crews, made up of young adults gaining work experience and possible college financial assistance, provide a cost-effective, on-the-ground workforce available for a variety of tasks, including trail building and maintenance, fencing, weed control, and firefighting. Funding and staffing are provided to enable four crews to operate year-round, rather than seasonally.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	659.1	18,700	95,935
2005-07 Maintenance Level	668.2	19,241	99,143
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. WFSE COLA/Salary Survey	0.0	12	729
6. WPEA COLA/Salary Survey	0.0	101	329
7. Super Coalition Health Benefits	0.0	67	801
8. Classification Revisions	0.0	0	67
9. COLA-Nonrepresented	0.0	291	1,094
10. Nonrepresented Health Benefit Chg	0.0	82	299
11. Salary Survey-Nonrep Staff	0.0	107	394
12. General Inflation	0.0	-57	-302
13. Washington Wine Brand	0.0	300	300
14. Small Farm Direct Marketing	0.0	150	150
15. Poultry Disease Eradication	0.0	25	25
16. Market Access/Trade Barrier	0.0	500	500
17. Food Safety/Animal Health	0.0	466	466
18. Pension Rate for Gain-Sharing	0.0	-54	-284
19. Suspend Plan 1 UAAL Contributions	0.0	-187	-966
20. Agricultural Fair Study	0.0	73	73
21. Invasive Species Council	0.3	50	50
Total Policy Changes	0.3	2,202	4,432
Total 2005-07 Biennium	668.5	21,443	103,575
Difference from 2003-05	9.4	2,743	7,640
% Change from 2003-05	1.4%	14.7%	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. 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.

2005-07 Omnibus Operating Budget Department of Agriculture

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. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. Nonrepresented Health Benefit Chg - 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.

11. 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.

12. 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.

13. 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.

14. Small Farm Direct Marketing - Funding is provided for the Small Farm and Direct Marketing Program. This program connects small farmers directly with consumers.

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

- 15. Poultry Disease Eradication** - Funding is provided for indemnity payments for poultry that are ordered by the department to be slaughtered or destroyed.
- 16. 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.
- 17. 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.
- 18. Pension Rate for Gain-Sharing** - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).
- 19. Suspend Plan 1 UAAL Contributions** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.
- 20. Agricultural Fair Study** - Funding is provided for the Department to conduct or contract for an economic impact study of fairs in Washington.
- 21. Invasive Species Council** - Funding is provided to support the creation of an Invasive Species Council. The council will address issues for combating and preventing harmful invasive species in the state.

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

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	550.5	39,287	90,702
2005-07 Maintenance Level	551.6	41,574	96,180
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. WFSE COLA/Salary Survey	0.0	377	972
8. WPEA COLA/Salary Survey	0.0	305	374
9. Local 17 COLA/Salary Survey	0.0	241	241
10. Coalition COLA/Salary Survey	0.0	18	18
11. Super Coalition Health Benefits	0.0	494	941
12. Classification Revisions	0.0	12	12
13. COLA-Nonrepresented	0.0	402	896
14. Nonrepresented Health Benefit Chg	0.0	114	252
15. Salary Survey-Nonrep Staff	0.0	60	70
16. General Inflation	0.0	-127	-293
17. PSEA Shortfall	0.0	19,063	0
18. Pension Rate for Gain-Sharing	0.0	-144	-268
19. Suspend Plan 1 UAAL Contributions	0.0	-486	-904
20. Watercraft Inspections - SB 5699	0.0	0	222
21. Registration Enforcement - HB 1241	0.0	250	250
Total Policy Changes	16.4	25,217	8,860
Total 2005-07 Biennium	568.0	66,791	105,040
Difference from 2003-05	17.5	27,504	14,338
% Change from 2003-05	3.3%	70.0%	15.8%

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)

**2005-07 Omnibus Operating Budget
Washington State Patrol**

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)

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

**2005-07 Omnibus Operating Budget
Washington State Patrol**

14. Nonrepresented Health Benefit Chg - 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.

15. 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.

16. 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)

18. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

19. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

20. Watercraft Inspections - SB 5699 - Funding is provided to implement Engrossed Substitute Senate Bill 5699 (aquatic invasive species), which increases water vessel registration fees and deposits a portion of these moneys into a newly created Aquatic Invasive Species Prevention Account for aquatic invasive species prevention and enforcement. Additionally, the Washington State Patrol will inspect recreational watercraft at port of entry weigh stations. (Aquatic Invasive Species Prevention Account-State)

21. Registration Enforcement - HB 1241 - One-time funding is provided to support increased enforcement activities associated with Engrossed House Bill 1241 (vehicle licensing and registration), which increases penalties for failure to register a vehicle and creates a penalty for registering a vehicle in another state to avoid in-state fees.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	233.5	10,481	35,882
2005-07 Maintenance Level	241.9	11,221	37,267
Policy Changes:			
1. Middle Management Reduction	-3.5	-160	-388
2. WFSE COLA/Salary Survey	0.0	213	669
3. Super Coalition Health Benefits	0.0	169	502
4. COLA-Nonrepresented	0.0	93	240
5. Nonrepresented Health Benefit Chg	0.0	29	65
6. Salary Survey-Nonrep Staff	0.0	0	26
7. General Inflation	0.0	-50	-92
8. Pension Rate for Gain-Sharing	0.0	-44	-128
9. Master License Service (HB 2131)	4.0	0	1,653
10. Suspend Plan 1 UAAL Contributions	0.0	-147	-433
11. Real Estate Appraisers	1.2	0	186
12. Business and Professions Account	0.0	-7,685	0
13. Real Estate Appraiser Training	1.4	0	180
14. Vehicle License & Reg (HB 1241)	0.0	34	34
15. BPD License Query Systems	3.5	0	578
16. MLS Electronic Document Management	1.0	0	389
Total Policy Changes	7.6	-7,548	3,481
Total 2005-07 Biennium	249.5	3,673	40,748
Difference from 2003-05	16.1	-6,808	4,866
% Change from 2003-05	7.3%	-65.0%	13.6%

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. 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.

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.

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.

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

5. Nonrepresented Health Benefit Chg - 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.

6. 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.

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 - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

9. 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)

10. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

11. 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)

12. 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 funding 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)

13. Real Estate Appraiser Training - Funding is adjusted and appropriated for the department to implement Senate Bill 5274, real estate appraisers' training. (Real Estate Appraiser Commission Account-State)

14. 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)

15. 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**

16. 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. (Master License Account)

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	285.3	10,165,146	11,968,709
2005-07 Maintenance Level	287.1	11,010,955	13,084,461
Policy Changes:			
1. Health Benefit Changes	0.0	126,196	126,614
2. Special Education Lawsuit	0.0	100	100
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	-12,922	-12,922
6. Washington Achievers Scholars	0.0	1,000	1,000
7. Special Education Safety Net	0.0	18,940	21,892
8. Science WASL	0.0	4,471	4,471
9. Middle Management Reduction	-4.5	-211	-233
10. Reading Corps	0.0	-5,726	-5,726
11. COLA-Nonrepresented	0.0	830	1,488
12. Nonrepresented Health Benefit Chg	0.0	248	440
13. Pension Method Change	0.0	-240,940	-241,194
14. Salary Survey-Nonrep Staff	0.0	135	210
15. General Inflation	0.0	-183	-394
16. Principal Support Program	0.0	50	50
17. Assessment System Improvements #	0.0	3,155	3,155
18. Special Education Funding	0.0	10,350	10,197
19. Expand Learning Assistance Pgm #	0.0	0	25,075
20. Apportionment and Financial Systems	0.0	1,900	1,900
21. Alternative Routes to Teaching	0.0	-1,096	-1,096
22. Early Reading Grant Program	0.0	250	250
23. Reading Model Implementation	0.0	250	250
24. Focused Asst to High Sch and Dists	0.0	2,000	2,000
25. School Breakfast Programs (HB 1771)	0.0	106	1,477
26. CAS Minimum Salary Allocation \$45K	0.0	148	149
27. School Nurse Workgroup	0.0	45	45
28. Pension Rate for Gain-Sharing	0.0	-144	-260
29. Suspend Plan 1 UAAL Contributions	0.0	-427	-758
30. Skills Center Incentive Grants #	0.0	1,181	1,181
31. Environmental Ed Coordination	0.0	156	156
32. Dyslexia Pilot Program #	0.0	677	677
33. Women's Role in World War II	0.0	150	150
34. Internet Safety	0.0	40	40
35. Transfers to School Construction	0.0	0	129,737
Total Policy Changes	-6.5	-96,192	63,200
Total 2005-07 Biennium	280.6	10,914,763	13,147,661
Difference from 2003-05	-4.7	749,617	1,178,952
% Change from 2003-05	-1.4%	7.4%	9.9%

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	242.4	42,285	136,363
2005-07 Maintenance Level	243.4	44,115	123,854
Policy Changes:			
1. Special Education Lawsuit	0.0	100	100
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. COLA-Nonrepresented	0.0	623	1,194
6. Nonrepresented Health Benefit Chg	0.0	192	362
7. Salary Survey-Nonrep Staff	0.0	115	180
8. General Inflation	0.0	-136	-301
9. Assessment System Improvements #	0.0	-1,290	-1,290
10. Apportionment and Financial Systems	0.0	1,900	1,900
11. Alternative Routes to Teaching	0.0	-1,096	-1,096
12. School Nurse Workgroup	0.0	45	45
13. Pension Rate for Gain-Sharing	0.0	-104	-208
14. Suspend Plan 1 UAAL Contributions	0.0	-320	-613
15. Environmental Ed Coordination	0.0	156	156
16. Dyslexia Pilot Program #	0.0	677	677
17. Women's Role in World War II	0.0	150	150
18. Internet Safety	0.0	40	40
Total Policy Changes	-3.2	2,048	2,274
Total 2005-07 Biennium	240.2	46,163	126,128
Difference from 2003-05	-2.2	3,878	-10,235
% Change from 2003-05	-0.8%	9.2%	-7.5%

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 educator certification under SB 5732 (K-12 governance).

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. 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.

2005-07 Omnibus Operating Budget
Public Schools
OSPI & Statewide Programs

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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. 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.

10. 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.

11. Alternative Routes to Teaching - Alternative certification routes are teacher-training programs that serve as alternatives to traditional teacher preparation programs. Approximately half of the state funding for the alternative route programs is eliminated. In implementing this reduction, the Professional Educator Standards Board will look for ways to achieve efficiency in program delivery and maintain the number interns involved in the programs.

12. School Nurse Workgroup - Funding is provided for a school nurse work group to review school nurse services in class I school districts.

13. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

14. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

16. Dyslexia Pilot Program # - Funding is provided for the implementation of a pilot program to implement research-based dyslexia instruction programs. The pilot is limited to 5 school districts geographically representative of the state.

2005-07 Omnibus Operating Budget
Public Schools
OSPI & Statewide Programs

17. Women's Role in World War II - Funding is provided to develop and disseminate curriculum and other materials documenting women's role in World War II.

18. Internet Safety - Funding is provided for the Safety Center Advisory Committee to develop and distribute a pamphlet to promote internet safety for children particularly in grades seven through twelve. The pamphlet will be posted on the superintendent of public instruction's web site. To the extent possible, the pamphlet shall be distributed in schools throughout the state and in other areas accessible to youth including but not limited to libraries and community centers.

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

	FTEs	Conference Proposal 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	-198,822	-198,822
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	-197,514	-197,514
Total 2005-07 Biennium	0.0	8,423,967	8,423,967
Difference from 2003-05	0.0	324,523	324,523
% Change from 2003-05	0.0%	4.0%	4.0%

Comments:

1. Pension Method Change - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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	Conference Proposal 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	-6,754	-6,754
Total Policy Changes	0.0	-13,236	-13,236
Total 2005-07 Biennium	0.0	490,745	490,745
Difference from 2003-05	0.0	49,004	49,004
% Change from 2003-05	0.0%	11.1%	11.1%

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 for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal 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 meal program), 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	Conference Proposal 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	18,940	21,892
2. Pension Method Change	0.0	-22,397	-22,644
3. Special Education Funding	0.0	10,197	10,197
4. CAS Minimum Salary Allocation \$45K	0.0	15	16
Total Policy Changes	0.0	6,755	9,461
Total 2005-07 Biennium	1.5	931,993	1,367,457
Difference from 2003-05	0.0	55,519	63,870
% Change from 2003-05	0.0%	6.3%	4.9%

Comments:

1. Special Education Safety Net - Funding for the special education safety net is increased to reflect the net impact of two rule changes. The application threshold for individual high cost students, based on services provided in their individual education plan or IEP, is increased to match the new federal definition for high cost. In addition, the current maintenance of effort requirement is eliminated in the school district application form documenting financial need. This change will provide greater equity among districts and allow more districts to access the safety net grant process. (General Fund-State, General Fund-Federal)

2. Pension Method Change - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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
Educational Service Districts
 (Dollars in Thousands)

	FTEs	Conference Proposal 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	-191	-191
2. CAS Minimum Salary Allocation \$45K	0.0	1	1
Total Policy Changes	0.0	-190	-190
Total 2005-07 Biennium	0.0	7,418	7,418
Difference from 2003-05	0.0	241	241
% Change from 2003-05	0.0%	3.4%	3.4%

Comments:

1. Pension Method Change - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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	Conference Proposal 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>-12,922</u>	<u>-12,922</u>
Total Policy Changes	0.0	-12,922	-12,922
Total 2005-07 Biennium	0.0	357,167	357,167
Difference from 2003-05	0.0	28,540	28,540
% Change from 2003-05	0.0%	8.7%	8.7%

Comments:

1. Levy Equalization # - In the 2005-07 Biennium, levy equalization payments to school districts will be prorated at 95.63 percent. Local Effort Assistance, or levy equalization, allocations to school districts are expected to increase by \$12.3 million from the 2004-05 school year to the 2005-06 school year and by another \$5.6 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	Conference Proposal 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	Conference Proposal 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	<u>0.0</u>	<u>-975</u>	<u>-975</u>
Total Policy Changes	0.0	-975	-975
Total 2005-07 Biennium	0.0	38,757	38,757
Difference from 2003-05	0.0	1,855	1,855
% Change from 2003-05	0.0%	5.0%	5.0%

Comments:

1. Pension Method Change - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal 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	<u>0.0</u>	<u>-297</u>	<u>-297</u>
Total Policy Changes	0.0	-297	-297
Total 2005-07 Biennium	0.0	13,786	13,786
Difference from 2003-05	0.0	340	340
% Change from 2003-05	0.0%	2.5%	2.5%

Comments:

1. Pension Method Change - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	41.4	76,122	203,248
2005-07 Maintenance Level	42.2	78,320	202,606
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. Reading Corps	0.0	-5,726	-5,726
5. COLA-Nonrepresented	0.0	207	294
6. Nonrepresented Health Benefit Chg	0.0	56	78
7. Salary Survey-Nonrep Staff	0.0	20	30
8. General Inflation	0.0	-47	-93
9. Principal Support Program	0.0	50	50
10. Assessment System Improvements #	0.0	4,445	4,445
11. Early Reading Grant Program	0.0	250	250
12. Reading Model Implementation	0.0	250	250
13. Focused Asst to High Sch and Dists	0.0	2,000	2,000
14. Pension Rate for Gain-Sharing	0.0	-40	-52
15. Suspend Plan 1 UAAL Contributions	0.0	-107	-145
Total Policy Changes	-3.3	5,183	5,202
Total 2005-07 Biennium	38.9	83,503	207,808
Difference from 2003-05	-2.5	7,381	4,560
% Change from 2003-05	-4.9%	9.7%	2.2%

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 FY 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. Reading Corps - State funding for the Reading Corps Program is reduced.

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.

2005-07 Omnibus Operating Budget
Public Schools
Education Reform

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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. Principal Support Program - The Principal Support Program provides assistance, assessment, and mentoring to improve the skills of principals. 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.

10. 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.

11. 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.

12. Reading Model Implementation - The Superintendent will provide to school districts reviews of reading curriculum programs and information and training on reading diagnostic assessments.

13. 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.

14. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

15. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal 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	-3,397	-3,397
2. CAS Minimum Salary Allocation \$45K	0.0	2	2
Total Policy Changes	0.0	-3,395	-3,395
Total 2005-07 Biennium	0.0	123,208	168,769
Difference from 2003-05	0.0	16,503	17,520
% Change from 2003-05	0.0%	15.5%	11.6%

Comments:

1. Pension Method Change - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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	Conference Proposal 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	-3,729	-3,729
2. Expand Learning Assistance Pgm #	0.0	0	24,605
Total Policy Changes	0.0	-3,729	20,876
Total 2005-07 Biennium	0.0	130,801	498,633
Difference from 2003-05	0.0	778	67,288
% Change from 2003-05	0.0%	0.6%	15.6%

Comments:

1. Pension Method Change - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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	Conference Proposal 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	126,196	126,614
2. Pension Method Change	0.0	-4,378	-4,385
3. Special Education Funding	0.0	153	0
4. Expand Learning Assistance Pgm #	0.0	0	470
5. CAS Minimum Salary Allocation \$45K	0.0	3	3
Total Policy Changes	0.0	121,974	122,702
Total 2005-07 Biennium	0.0	260,949	262,283
Difference from 2003-05	0.0	260,949	262,283
% 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 \$629.07 in the 2005-06 school year and to \$679.39 in the 2006-07 school year. (General Fund-State, General Fund-Federal)

2. Pension Method Change - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

3. Special Education Funding - Changes in the Special Education formula result in more state-funded staff salaries allocated to districts, which increases the cost of providing compensation changes.

4. 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.

5. 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 cost of providing salary increase allocations.

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

	FTEs	Conference Proposal 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>129,737</u>
Total Policy Changes	0.0	0	129,737
Total 2005-07 Biennium	0.0	0	129,737
Difference from 2003-05	0.0	0	129,737
% 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 \$99.7 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	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	78.7	325,131	342,486
2005-07 Maintenance Level	85.9	330,227	360,203
Policy Changes:			
1. Washington Scholars	0.0	435	435
2. Promise Scholarship	0.0	-12,617	-12,617
3. WAVE Program	0.0	-49	-49
4. State Work Study	0.0	0	2,856
5. Jefferson County Pilot Project	0.0	350	350
6. COLA-Nonrepresented	0.0	259	357
7. Nonrepresented Health Benefit Chg	0.0	85	128
8. General Inflation	0.0	-14	-57
9. Conditional Scholarships	0.0	500	500
10. English and Science Readiness	0.0	600	600
11. Foster Care Endowed Scholarship	0.0	150	150
12. Pension Rate for Gain-Sharing	0.0	-42	-56
13. Suspend Plan 1 UAAL Contributions	0.0	-143	-197
14. State Need Grant	0.0	9,605	69,659
Total Policy Changes	0.0	-881	62,059
Total 2005-07 Biennium	85.9	329,346	422,262
Difference from 2003-05	7.3	4,215	79,776
% Change from 2003-05	8.9%	1.3%	23.3%

Comments:

1. Washington Scholars - Funding is provided for three students in FY 2006 and two students in FY 2007 from each legislative district to receive a scholarship equivalent to four years of tuition at a public institution of higher education. The Legislature assumes savings from the reduction in the number of recipients are directed to the State Need Grant.

2. Promise Scholarship - The Legislature eliminates the Promise Scholarship program and assumes all savings are directed to the State Need Grant. Because the Promise Scholarship is a 2-year award, funding is reduced by one-half in FY 2006 and eliminated in FY 2007. No Promise Scholarship awards will be offered to students beyond the graduating high school class of 2004.

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. (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. 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.

**2005-07 Omnibus Operating Budget
Higher Education Coordinating Board**

7. Nonrepresented Health Benefit Chg - 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.

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)

9. 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.

10. English and Science Readiness - Funding is provided to develop college readiness standards in English and science.

11. Foster Care Endowed Scholarship - Funding is provided to implement Second Substitute 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.

12. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

13. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

14. State Need Grant - Funding is provided to expand the State Need Grant (SNG) to 65 percent of the median family income, approximately \$43,300 for a family of four. The funding assumes tuition increases of 7 percent, 6 percent and 5 percent per year for the research institutions, comprehensive institutions and community and technical colleges, respectively, and 7,900 additional enrollments. (General Fund-State, Education Legacy Trust Account)

2005-07 Omnibus Operating Budget
University of Washington
(Dollars in Thousands)

	FTEs	Conference Proposal 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	292	292
2. General Enrollments	60.0	0	17,399
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	19,223	53,580
7. Nonrepresented Health Benefit Chg	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. UW-Tacoma Autism Center	0.0	700	700
17. Pension Rate for Gain-Sharing	0.0	-1,100	-1,112
18. Suspend Plan 1 UAAL Contributions	0.0	-2,908	-13,959
19. Korean Studies Endowed Chair	0.0	500	500
20. Maintenance and Operations Shift	0.0	-5,717	-5,717
21. Labor Center Research	0.0	60	60
22. Non-Instruction Reduction	0.0	-2,559	-2,559
23. Promotion of University Research	0.0	250	250
24. Tuition Rate Increase	0.0	-4,436	-4,436
Total Policy Changes	62.5	19,932	75,157
Total 2005-07 Biennium	19,759.7	680,762	3,774,690
Difference from 2003-05	75.6	44,012	144,427
% Change from 2003-05	0.4%	6.9%	4.0%

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.

**2005-07 Omnibus Operating Budget
University of Washington**

2. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 140 full-time equivalent (FTE) students at the Seattle campus in FY 2006 and by 140 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 40 full-time equivalent (FTE) students in FY 2006 and 40 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 100 full-time equivalent at the Tacoma campus, and 75 at the Bothell campus in FY 2006 and by 225 (of which 125 is lower division) full-time equivalent at the Tacoma campus, and 200 (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. (Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

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.

5. 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.

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.

7. Nonrepresented Health Benefit Chg - 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.

8. 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.

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.

**2005-07 Omnibus Operating Budget
University of Washington**

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.

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. UW-Tacoma Autism Center - Funding is provided to maintain an Autism Center at the University of Washington (UW) Tacoma campus. The facility will continue to function as a satellite facility to the Autism Center at the UW Medical Center in Seattle and provide clinical service and professional training.

17. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

18. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

19. Korean Studies Endowed Chair - One-time funding is provided to establish an endowed chair in Korean Studies at the University of Washington-Seattle.

20. 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.

21. Labor Center Research - Funding is provided for research on labor and economic issues in Washington through the Harry Bridges Center.

22. Non-Instruction Reduction - The Legislature makes a 1 percent general fund-state reduction to all non-instruction programs.

23. 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.

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University of Washington**

24. Tuition Rate Increase - The Legislature assumes a tuition increase of 7 percent each year of the biennium. Of the new resident undergraduate tuition revenue, a 25 percent reduction in GF-S is made.

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

	FTEs	Conference Proposal 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	15,384
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	208	266
5. COLA-Nonrepresented	0.0	13,796	17,912
6. Nonrepresented Health Benefit Chg	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. Ghost Shrimp Research	0.0	400	400
12. Pension Rate for Gain-Sharing	0.0	-638	-638
13. Suspend Plan 1 UAAL Contributions	0.0	-2,043	-2,839
14. Maintenance and Operations Shift	0.0	-2,239	-2,239
15. Renewable Energy Expert	0.3	85	85
16. Non-Instruction Reduction	0.0	-2,099	-2,099
17. Tuition Rate Increase	0.0	-2,701	-2,701
18. Veterinary Medicine	12.0	0	2,061
19. Lidded Grant Compensation Costs	0.0	319	0
20. Vehicle Licensing Study	0.0	50	50
Total Policy Changes	64.8	17,320	38,687
Total 2005-07 Biennium	6,048.0	418,364	993,508
Difference from 2003-05	454.3	42,776	128,559
% Change from 2003-05	8.1%	11.4%	14.9%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 185 full-time equivalent (FTE) students at the Pullman campus in FY 2006 and by 185 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 30 full-time equivalent (FTE) students in FY 2006 and 30 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 125 full-time equivalent at the Vancouver campus in FY 2006 and by 325 (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. (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.

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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.

4. 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.

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.

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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. Ghost Shrimp Research - Funding is provided to research alternatives for controlling ghost shrimp in Willapa Bay.

12. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Washington State University**

13. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

14. 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.

15. Renewable Energy Expert - Funding is provided for a renewable energy expert to implement provisions of Substitute Senate Bill 5101 (providing incentives to support renewable energy).

16. Non-Instruction Reduction - The Legislature makes a 1 percent general fund-state reduction to all non-instruction programs.

17. Tuition Rate Increase - The Legislature assumes a tuition increase of 7 percent each year of the biennium. Of the new resident undergraduate tuition revenue, a 25 percent reduction in GF-S is made.

18. 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)

19. 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.

20. Vehicle Licensing Study - Funding is provided to study the cost of complying with vehicle licensing and registration laws. Funding is subject to the passage of house bill 1241 (modifying vehicle licensing and registration penalties).

2005-07 Omnibus Operating Budget
Eastern Washington University
(Dollars in Thousands)

	FTEs	Conference Proposal 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	10,318
2. Super Coalition Health Benefits	0.0	887	974
3. Classification Revisions	0.0	15	24
4. COLA-Nonrepresented	0.0	2,496	3,092
5. Nonrepresented Health Benefit Chg	0.0	773	950
6. Salary Survey-Nonrep Staff	0.0	136	136
7. General Inflation	0.0	-17	-516
8. Northwest Autism Center	0.0	425	425
9. Collective Bargaining Unit #1	0.0	817	905
10. Collective Bargaining Unit #2	0.0	161	175
11. Pension Rate for Gain-Sharing	0.0	-160	-160
12. Suspend Plan 1 UAAL Contributions	0.0	-525	-591
13. Maintenance and Operations Shift	0.0	-491	-491
14. Non-Instruction Reduction	0.0	-197	-197
15. Tuition Rate Increase	0.0	-863	-863
Total Policy Changes	37.5	3,457	14,181
Total 2005-07 Biennium	1,181.9	93,206	181,700
Difference from 2003-05	38.5	9,929	21,268
% Change from 2003-05	3.4%	11.9%	13.3%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 312 full-time equivalent (FTE) students in FY 2006 and 313 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 12 full-time equivalent FTE students in FY 2006 and 13 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. (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.

3. 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.

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.

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Eastern Washington University**

- 5. Nonrepresented Health Benefit Chg** - 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.
- 6. 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.
- 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. Northwest Autism Center** - Funding is provided for the Northwest Autism Center to provide community-based approaches to assisting children and adults with autism spectrum disorder. The funding is also for the establishment of a preschool at EWU to serve children identified with autism spectrum disorder.
- 9. 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.
- 10. 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.
- 11. Pension Rate for Gain-Sharing** - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).
- 12. Suspend Plan 1 UAAL Contributions** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.
- 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 Eastern Washington University is moved from the General Fund to the Education Construction Account.
- 14. Non-Instruction Reduction** - The Legislature makes a 1 percent general fund-state reduction to all non-instruction programs.
- 15. Tuition Rate Increase** - The Legislature assumes a tuition increase of 6 percent each year of the biennium. Of the new resident undergraduate tuition revenue, a 25 percent reduction in GF-S is made.

2005-07 Omnibus Operating Budget
Central Washington University
(Dollars in Thousands)

	FTEs	Conference Proposal 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	9,716
2. Super Coalition Health benefits	0.0	665	753
3. COLA-Nonrepresented	0.0	2,975	3,262
4. Nonrepresented Health Benefit Chg	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	-636	-705
8. Maintenance and Operations Shift	0.0	-536	-536
9. Collective Bargaining Agreements	0.0	1,961	2,066
10. Non-Instruction Reduction	0.0	-214	-214
11. Tuition Rate Increase	0.0	-955	-955
Total Policy Changes	37.5	4,280	14,167
Total 2005-07 Biennium	1,177.8	92,118	214,410
Difference from 2003-05	57.5	10,257	32,668
% Change from 2003-05	5.2%	12.5%	18.0%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 312 full-time equivalent (FTE) students in FY 2006 and 313 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 12 full-time equivalent FTE students in FY 2006 and 13 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. (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.

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.

4. Nonrepresented Health Benefit Chg - 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.

**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 - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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)

10. Non-Instruction Reduction - The Legislature makes a 1 percent general fund-state reduction to all non-instruction programs.

11. Tuition Rate Increase - The Legislature assumes a tuition increase of 6 percent each year of the biennium. Of the new resident undergraduate tuition revenue, a 25 percent reduction in GF-S is made.

2005-07 Omnibus Operating Budget
The Evergreen State College
(Dollars in Thousands)

	FTEs	Conference Proposal 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	3,793
2. Super Coalition Health benefits	0.0	625	650
3. WFSE COLA/Salary Survey	0.0	724	746
4. COLA-Nonrepresented	0.0	1,481	1,529
5. Nonrepresented Health Benefit Chg	0.0	475	491
6. Salary Survey-Nonrep Staff	0.0	36	36
7. General Inflation	0.0	-10	-322
8. Evaluate Integrated Trtmnt Pilots	0.0	310	310
9. Pension Rate for Gain-Sharing	0.0	-120	-120
10. Suspend Plan 1 UAAL Contributions	0.0	-366	-377
11. Immigrant Student Study	0.0	50	50
12. Maintenance and Operations Shift	0.0	-168	-168
13. Non-Instruction Reduction	0.0	-236	-236
14. Tuition Rate Increase	0.0	-393	-393
Total Policy Changes	22.5	2,408	5,989
Total 2005-07 Biennium	670.1	51,760	102,083
Difference from 2003-05	35.3	4,959	11,111
% Change from 2003-05	5.5%	10.6%	12.2%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 100 full-time equivalent (FTE) students in FY 2006 and 100 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 5 full-time equivalent FTE students in FY 2006 and 5 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. (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.

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.

**2005-07 Omnibus Operating Budget
The Evergreen State College**

- 5. Nonrepresented Health Benefit Chg** - 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.
- 6. 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.
- 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. Evaluate Integrated Trtmnt Pilots** - Funding is provided for the Washington State Institute for Public Policy to conduct four evaluations required by Senate Bill 5763 (mental disorders treatment); (1) an evaluation of integrated cross-systems crisis response pilots in two counties; (2) an evaluation of intensive chemical dependency case management pilots in two counties; (3) an evaluation of existing mental health clubhouse programs; and (3) an evaluation of the cost-effectiveness of treatment vs. non-treatment for mental health and substance abuse disorders, including prevention and intervention programs. The final evaluations are due to the Legislature in 2007 and 2008, to assist in making policy and funding decisions related to integrated treatment and the potential enactment of the unified Involuntary Treatment Act in fiscal year 2010.
- 9. Pension Rate for Gain-Sharing** - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).
- 10. Suspend Plan 1 UAAL Contributions** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.
- 11. 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.
- 12. 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.
- 13. Non-Instruction Reduction** - The Legislature makes a 1 percent general fund-state reduction to all non-instruction programs.
- 14. Tuition Rate Increase** - The Legislature assumes a tuition increase of 6 percent each year of the biennium. Of the new resident undergraduate tuition revenue, a 25 percent reduction in GF-S is made.

2005-07 Omnibus Operating Budget
Spokane Intercol Rsch & Tech Inst
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	26.2	2,819	3,950
2005-07 Maintenance Level	22.9	2,897	3,350
Policy Changes:			
1. COLA-Nonrepresented	0.0	87	87
2. General Inflation	0.0	-8	-16
3. Pension Rate for Gain-Sharing	0.0	-12	-12
4. Suspend Plan 1 UAAL Contributions	0.0	-42	-42
5. SIRTI Technology Center	1.0	0	950
Total Policy Changes	1.0	25	967
Total 2005-07 Biennium	23.9	2,922	4,317
Difference from 2003-05	-2.3	103	367
% Change from 2003-05	-7.7%	3.7%	9.3%

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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

4. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

5. 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	Conference Proposal 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	5,362
2. Super Coalition Health Benefits	0.0	1,209	1,467
3. Classification Revisions	0.0	75	75
4. COLA-Nonrepresented	0.0	4,249	4,784
5. Nonrepresented Health Benefit Chg	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	-762	-905
10. Maintenance and Operations Shift	0.0	-800	-800
11. Bargaining Unit A - WFSE/Clerical	0.0	347	511
12. Bargaining Unit B - WFSE/Trades	0.0	358	358
13. Bargaining Unit D - PSE/Supervisory	0.0	478	524
14. Bargaining Unit C-WPEA/Professional	0.0	430	607
15. Bargaining Unit E - WFSE/Sup Unit B	0.0	38	38
16. Non-Instruction Reduction	0.0	-419	-419
17. Transfer NSIS to SBCTC	0.0	-1,960	-1,960
18. Tuition Rate Increase	0.0	-1,409	-1,409
Total Policy Changes	22.5	3,484	9,562
Total 2005-07 Biennium	1,715.3	119,410	292,378
Difference from 2003-05	110.5	9,813	37,804
% Change from 2003-05	6.9%	9.0%	14.8%

Comments:

1. General Enrollments - Funding is provided to expand state-supported general enrollment slots by 160 full-time equivalent (FTE) students in FY 2006 and 160 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. (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.

3. 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.

**2005-07 Omnibus Operating Budget
Western Washington University**

- 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.
- 5. Nonrepresented Health Benefit Chg** - 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.
- 6. 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.
- 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** - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).
- 9. Suspend Plan 1 UAAL Contributions** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.
- 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. Bargaining Unit A - WFSE/Clerical** - Under the provisions of the Personnel System Reform Act of 2002, Western Washington University has negotiated a collective bargaining agreement with employees represented by WFSE/Clerical.
- 12. Bargaining Unit B - WFSE/Trades** - Under the provisions of the Personnel System Reform Act of 2002, Western Washington University has negotiated a collective bargaining agreement with employees represented by WFSE/Trades.
- 13. Bargaining Unit D - PSE/Supervisory** - Under the provisions of the Personnel System Reform Act of 2002, Western Washington University has negotiated a collective bargaining agreement with employees represented by PSE/Supervisory.
- 14. Bargaining Unit C-WPEA/Professional** - Under the provisions of the Personnel System Reform Act of 2002, Western Washington University has negotiated a collective bargaining agreement with employees represented by WPEA/Professional.
- 15. Bargaining Unit E - WFSE/Sup Unit B** - Under the provisions of the Personnel System Reform Act of 2002, Western Washington University has negotiated a collective bargaining agreement with employees represented by WFSE/Sup Unit B.
- 16. Non-Instruction Reduction** - The Legislature makes a 1 percent general fund-state reduction to all non-instruction programs.

**2005-07 Omnibus Operating Budget
Western Washington University**

17. Transfer NSIS to SBCTC - Management and leadership responsibility for consortium operations are transferred from Western Washington University and assigned to Everett Community College.

18. Tuition Rate Increase - The Legislature assumes a tuition increase of 6 percent each year of the biennium. Of the new resident undergraduate tuition revenue, a 25 percent reduction in GF-S is made.

2005-07 Omnibus Operating Budget
Community/Technical College System
(Dollars in Thousands)

	FTEs	Conference Proposal 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	43,252
2. Adult Basic Education	0.0	0	4,000
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	16,413	19,423
8. Nonrepresented Health Benefit Chg	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	-6,117	-7,601
15. Maintenance and Operations Shift	0.0	-5,048	-5,048
16. Operating Costs/Exist Capital Proj	0.0	1,117	1,117
17. Non-Instruction Reduction	0.0	-4,612	-4,612
18. State Board Office Lease	0.0	354	354
19. Transfer NSIS to SBCTC	0.0	1,960	1,960
20. Tuition Rate Increase	0.0	-5,885	-5,885
Total Policy Changes	75.0	27,687	89,210
Total 2005-07 Biennium	15,420.3	1,122,719	2,130,064
Difference from 2003-05	1,493.1	88,865	225,909
% Change from 2003-05	10.7%	8.6%	11.9%

Comments:

1. Enrollment Increase - Funding is provided to expand state-supported general enrollment slots by 2050 full-time equivalent (FTE) students in FY 2006 and 2135 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. (Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Nonappropriated)

2. Adult Basic Education - The appropriation of \$4 million will add approximately \$100 per FTE student to sustain the more than 19,000 adult basic education FTE students currently being served by the system. (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.

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 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.

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.

8. Nonrepresented Health Benefit Chg - 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.

9. 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.

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. (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. A college district may match state funds with local revenue. (Education Legacy Trust Account)

13. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Community/Technical College System**

14. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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. (Education Legacy Trust Account)

17. Non-Instruction Reduction - The Legislature makes a 1 percent general fund-state reduction to all non-instruction programs.

18. 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.

19. Transfer NSIS to SBCTC - Management and leadership responsibility for consortium operations are transferred from Western Washington University and assigned to Everett Community College.

20. Tuition Rate Increase - The Legislature assumes a tuition increase of 5 percent each year of the biennium. Of the new resident undergraduate tuition revenue, a 25 percent reduction in GF-S is made.

2005-07 Omnibus Operating Budget
State School for the Blind
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	82.2	9,377	10,712
2005-07 Maintenance Level	82.0	10,019	11,355
Policy Changes:			
1. Middle Management Reduction	-0.6	-55	-55
2. WFSE COLA/Salary Survey	0.0	130	130
3. Super Coalition Health Benefits	0.0	181	181
4. Classification Revisions	0.0	18	18
5. COLA-Nonrepresented	0.0	73	73
6. Nonrepresented Health Benefit Chg	0.0	20	20
7. Salary Survey-Nonrep Staff	0.0	43	43
8. General Inflation	0.0	-34	-35
9. Distance Learning	1.0	210	210
10. Pension Rate for Gain-Sharing	0.0	-86	-86
11. Suspend Plan 1 UAAL Contributions	0.0	-135	-135
Total Policy Changes	0.5	365	364
Total 2005-07 Biennium	82.5	10,384	11,719
Difference from 2003-05	0.3	1,007	1,007
% Change from 2003-05	0.0%	10.7%	9.4%

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. 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.

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.

4. 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.

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.

**2005-07 Omnibus Operating Budget
State School for the Blind**

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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. Distance Learning - Funding is provided for digital classroom access to specialized training through the use of current and future technology.

10. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

11. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

2005-07 Omnibus Operating Budget
State School for the Deaf
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	124.4	15,299	15,531
2005-07 Maintenance Level	124.2	16,764	16,996
Policy Changes:			
1. Middle Management Reduction	-0.6	-55	-55
2. WFSE COLA/Salary Survey	0.0	218	218
3. Super Coalition Health Benefits	0.0	339	339
4. Classification Revisions	0.0	18	18
5. COLA-Nonrepresented	0.0	65	65
6. Nonrepresented Health Benefit Chg	0.0	20	20
7. Salary Survey-Nonrep Staff	0.0	20	20
8. General Inflation	0.0	-64	-64
9. Pension Rate for Gain-Sharing	0.0	-110	-110
10. Suspend Plan 1 UAAL Contributions	0.0	-183	-183
Total Policy Changes	-0.6	268	268
Total 2005-07 Biennium	123.7	17,032	17,264
Difference from 2003-05	-0.8	1,733	1,733
% Change from 2003-05	0.0%	11.3%	11.2%

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. 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.

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.

4. 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.

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.

**2005-07 Omnibus Operating Budget
State School for the Deaf**

6. Nonrepresented Health Benefit Chg - 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.

7. 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.

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. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

10. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

2005-07 Omnibus Operating Budget
Work Force Trng & Educ Coord Board
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	22.8	3,303	57,605
2005-07 Maintenance Level	22.8	3,395	57,755
Policy Changes:			
1. WFSE COLA/Salary Survey	0.0	25	43
2. Super Coalition Health Benefits	0.0	15	25
3. COLA-Nonrepresented	0.0	41	71
4. Nonrepresented Health Benefit Chg	0.0	11	20
5. General Inflation	0.0	-19	-26
6. Eliminate INTEC	0.0	-968	-968
7. Pension Rate for Gain-Sharing	0.0	-10	-18
8. Suspend Plan 1 UAAL Contributions	0.0	-34	-59
Total Policy Changes	0.0	-939	-912
Total 2005-07 Biennium	22.8	2,456	56,843
Difference from 2003-05	0.0	-847	-762
% Change from 2003-05	0.0%	-25.6%	-1.3%

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.

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.

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.

4. Nonrepresented Health Benefit Chg - 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.

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)

**2005-07 Omnibus Operating Budget
Work Force Trng & Educ Coord Board**

6. 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.

7. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

8. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	16.6	4,527	5,553
2005-07 Maintenance Level	16.6	4,635	5,936
Policy Changes:			
1. WFSE COLA/Salary Survey	0.0	13	13
2. Super Coalition Health Benefits	0.0	12	12
3. COLA-Nonrepresented	0.0	44	47
4. Nonrepresented Health Benefit Chg	0.0	17	17
5. General Inflation	0.0	-10	-11
6. Art Program Oversight	1.0	0	0
7. Pension Rate for Gain-Sharing	0.0	-10	-10
8. Suspend Plan 1 UAAL Contributions	0.0	-30	-32
Total Policy Changes	1.0	36	36
Total 2005-07 Biennium	17.6	4,671	5,972
Difference from 2003-05	1.0	144	419
% Change from 2003-05	5.9%	3.2%	7.5%

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.

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.

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.

4. Nonrepresented Health Benefit Chg - 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.

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
Washington State Arts Commission**

6. 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.

7. Pension Rate for Gain-Sharing - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

8. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

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

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	51.4	4,918	7,698
2005-07 Maintenance Level	49.4	5,315	7,206
Policy Changes:			
1. Classification Revisions	0.0	4	7
2. COLA-Nonrepresented	0.0	109	141
3. Nonrepresented Health Benefit Chg	0.0	45	52
4. Salary Survey-Nonrep Staff	0.0	81	103
5. General Inflation	0.0	-26	-72
6. Pension Rate for Gain-Sharing	0.0	-18	-20
7. Suspend Plan 1 UAAL Contributions	0.0	-59	-68
8. Lewis and Clark Bicentennial	0.5	517	517
9. Women's History Consortium	2.0	197	197
Total Policy Changes	2.5	850	857
Total 2005-07 Biennium	51.9	6,165	8,063
Difference from 2003-05	0.5	1,247	365
% Change from 2003-05	2.0%	25.4%	4.7%

Comments:

1. 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.

2. 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.

3. Nonrepresented Health Benefit Chg - 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.

4. 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.

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 - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

**2005-07 Omnibus Operating Budget
Washington State Historical Society**

7. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

8. Lewis and Clark Bicentennial - One-time funding is appropriated to fund programs and an FTE to coordinate programs related to the Lewis and Clark bicentennial commemoration. Corps of Discovery II, a national travelling exhibit, will travel through Clarkston, Dayton, Kennewick, Stevenson, Toppenish, Vancouver, and Pacific County. One-time funding is also appropriated for reimbursement of costs incurred by county law enforcement agencies from providing additional security for events.

9. Women's History Consortium - Senate Bill No. 5707 establishes a Women's History Consortium, to be housed at the Washington State Historical Society. Funding is appropriated for staff, travel, supplies, and equipment necessary to implement the legislation.

2005-07 Omnibus Operating Budget
East Wash State Historical Society
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	23.5	2,926	2,926
2005-07 Maintenance Level	37.3	3,124	5,903
Policy Changes:			
1. Classification Revisions	0.0	8	14
2. COLA-Nonrepresented	0.0	71	107
3. Nonrepresented Health Benefit Chg	0.0	32	42
4. Salary Survey-Nonrep Staff	0.0	43	65
5. General Inflation	0.0	-11	-32
6. Pension Rate for Gain-Sharing	0.0	-12	-16
7. Japanese American Legacy Project	0.0	50	50
8. Suspend Plan 1 UAAL Contributions	0.0	-39	-54
Total Policy Changes	0.0	142	176
Total 2005-07 Biennium	37.3	3,266	6,079
Difference from 2003-05	13.8	340	3,153
% Change from 2003-05	54.2%	11.6%	107.8%

Comments:

1. 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.

2. 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.

3. Nonrepresented Health Benefit Chg - 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.

4. 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.

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 - Contributions towards the future costs of gain-sharing are suspended for the 2005-07 biennium, consistent with Substitute House Bill 1044 (pension funding methodology).

7. Japanese American Legacy Project - Funding is provided for the Densho Japanese American Legacy Project, and is to be disbursed through the Cheney Cowles Museum in Spokane. The project will develop an oral history of the early immigration of the Japanese to the Spokane area and subsequent history.

**2005-07 Omnibus Operating Budget
East Wash State Historical Society**

8. Suspend Plan 1 UAAL Contributions - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with SHB 1044 (pension funding methodology). The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 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.

2005-07 Omnibus Operating Budget
Bond Retirement and Interest
(Dollars in Thousands)

	FTEs	Conference Proposal 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	Conference Proposal 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. K-20 Telecommunications Network	0.0	-3,420	-420
2. Sex Offender Sentencing Impact	0.0	837	837
3. Small Agency Info Technology Pool	0.0	500	500
4. Capitol Building Construction Acct	0.0	1,600	1,600
5. State Purchasing Strategy	0.0	-25,000	-25,000
6. Base Realignment and Closure Assist	0.0	150	150
7. Life Science #	0.0	150	150
8. Mission Critical Staff	0.0	4,000	4,000
9. Individual Developmt Acct (HB 1408)	0.0	1,021	1,021
10. Mental Health Task Force (HB 1290)	0.0	50	50
11. County Public Health Assistance	0.0	0	48,000
12. Extraordinary Criminal Justice Cost	0.0	0	70
13. Eliminate Double-Filled Positions	0.0	-4,000	-4,000
14. Emergency Drought Declaration	0.0	725	725
Total Policy Changes	0.0	-23,387	27,683
Total 2005-07 Biennium	0.0	-4,587	50,483
Difference from 2003-05	0.0	-50,211	-57,937
% Change from 2003-05	0.0%	-110.1%	-53.4%

Comments:

- 1. 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)

- 2. 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.

- 3. 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.

- 4. 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.

- 5. 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**

6. 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 those counties 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.

7. Life Science # - Funding is provided in FY 2006 for start-up costs of the Life Sciences Discovery Fund Authority.

8. Mission Critical Staff - Funding is provided for mission critical staff positions throughout 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.

9. Individual Developmt Acct (HB 1408) - A General Fund-State appropriated is provided to the Individual Development Account 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.

10. 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.

11. 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)

12. Extraordinary Criminal Justice Cost - Funding is provided to assist a county experiencing extraordinary costs in a criminal justice case. (Public Safety and Education Account.

13. 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.

14. Emergency Drought Declaration - An appropriation is provided to the State Emergency Water Projects Revolving Account-State for the Department of Ecology to process emergency drought permits and expedite temporary water-rights transfers to reduce drought impacts on irrigators, municipalities and fish populations.

2005-07 Omnibus Operating Budget
State Employee Compensation Adjust
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2003-05 Estimated Expenditures	0.0	6	-2,529
2005-07 Maintenance Level	0.0	4,400	500
Total 2005-07 Biennium	0.0	4,400	500
Difference from 2003-05	0.0	4,394	3,029
% Change from 2003-05	0.0%	73233.3%	-119.8%

Comments:

2005-07 Omnibus Operating Budget
Contributions to Retirement Systems
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	0.0	54,660	54,660
2005-07 Maintenance Level	0.0	81,400	81,400
Policy Changes:			
1. Emergency Medical Technicians	0.0	300	300
2. Disability allowance	0.0	1,900	1,900
Total Policy Changes	0.0	2,200	2,200
Total 2005-07 Biennium	0.0	83,600	83,600
Difference from 2003-05	0.0	28,940	28,940
% Change from 2003-05	0.0%	52.9%	52.9%

Comments:

1. Emergency Medical Technicians - Funding is provided for the increase in state contributions related to the transfer of publicly-employed Emergency Medical Technicians transfer from the Public Employees' Retirement System to the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 pursuant to Substitute House Bill 1936 (emergency medical technicians).

2. Disability allowance - Funding is provided for the increase in state contributions related to the removal of actuarial reductions from the disability benefits paid to members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 disabled in the line of duty pursuant to Substitute House Bill 5615 (law enforcement officers' and fire fighters' plan 2 disability benefits).

2005-07 Omnibus Operating Budget
Other Legislation
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2003-05 Estimated Expenditures	0.0	0	0
2005-07 Maintenance Level	0.0	0	0
Policy Changes:			
1. Justice Funding - SB 5454	0.0	0	12,700
2. Postpartum Depression - SB 5898	0.0	25	25
3. Small Business Assistance -SSB 5902	0.0	45	45
4. Veterans' Widows Tax Asst-SHB 1509	0.0	276	276
5. Tire Waste & Removal - SHB 2085	0.0	0	190
6. Real Estate Excise Fees - SHB 1240	0.0	3,900	3,900
Total Policy Changes	0.0	4,246	17,136
Total 2005-07 Biennium	0.0	4,246	17,136
Difference from 2003-05	0.0	4,246	17,136
% Change from 2003-05	0.0%	0.0%	0.0%

Comments: