

**2006 SUPPLEMENTAL  
OPERATING &  
CAPITAL BUDGET  
HIGHLIGHTS**

**AS PASSED THE  
LEGISLATURE**

**SENATE WAYS & MEANS COMMITTEE  
MARCH 8, 2006**

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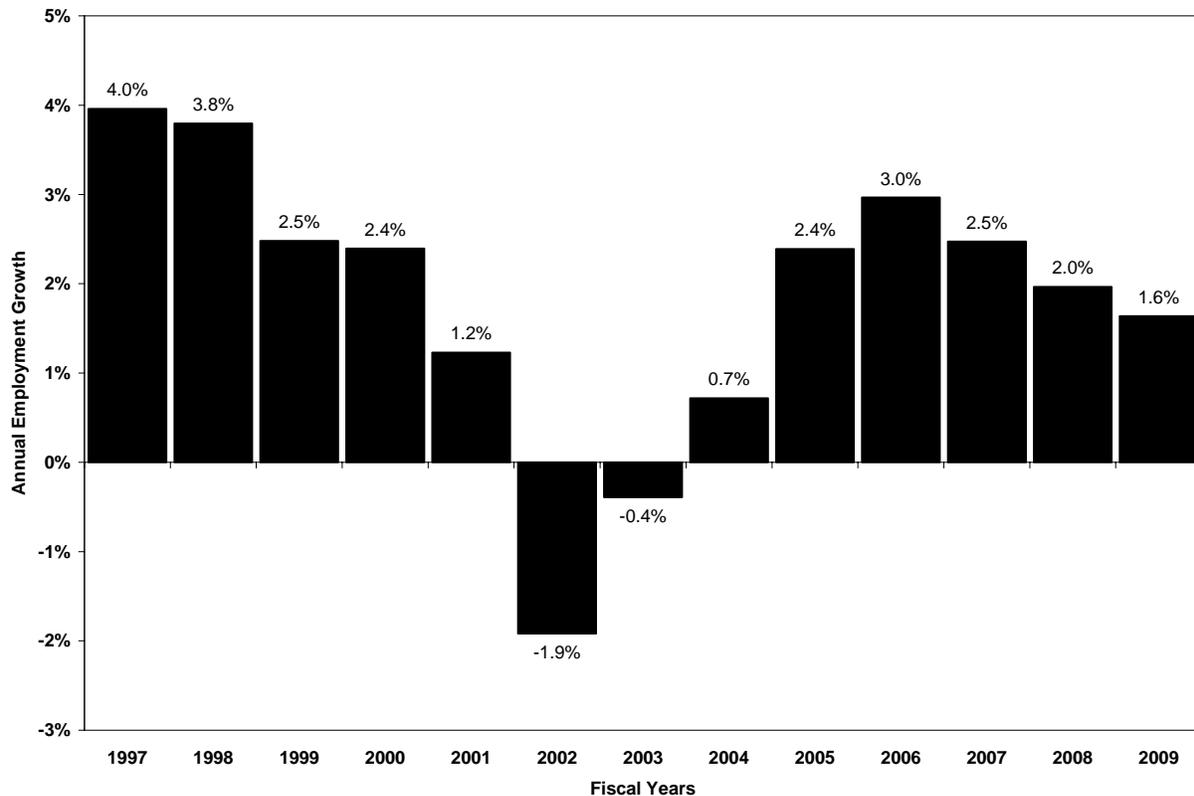
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# STATE FISCAL SITUATION

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For the first time in several years, Washington State does not face a deficit. The economy is growing at a strong pace after several years of negative and very slow employment growth, and the General Fund budget is currently in a very strong position. However, the official employment forecast (shown below) for the next few years suggests caution in this year's supplemental budget. Wherever possible, the budget looks to the three-year impacts of all budget decisions to ensure sustainability into the next biennium.



The budget addresses the potential economic and revenue slowdown, and the resulting potential budget deficits, by setting aside money in four specific accounts until 2007-09. A separate bill, Senate Bill 6896, appropriates \$825 million into the Pension Funding Stabilization Account, the Health Services Account, and the Student achievement fund, leaving \$216 million as an ending balance.

## **Pension Funding Stabilization Account**

To address the unfunded liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems, the budget places \$350 million in a new Pension Funding Stabilization Account (PFSA) invested by the Washington State Investment Board. This early deposit can be expected to produce more than \$30 million in investment earnings over the next 30 months. Funds in this account may only be used to make state employer contributions towards the various state retirement systems. In addition, beginning in September for school district employees and in January for general government employees, the budget re-establishes employer contributions towards the plan 1 unfunded liabilities as part of a three-year phase-in schedule.

# STATE FISCAL SITUATION

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## Health Services Account

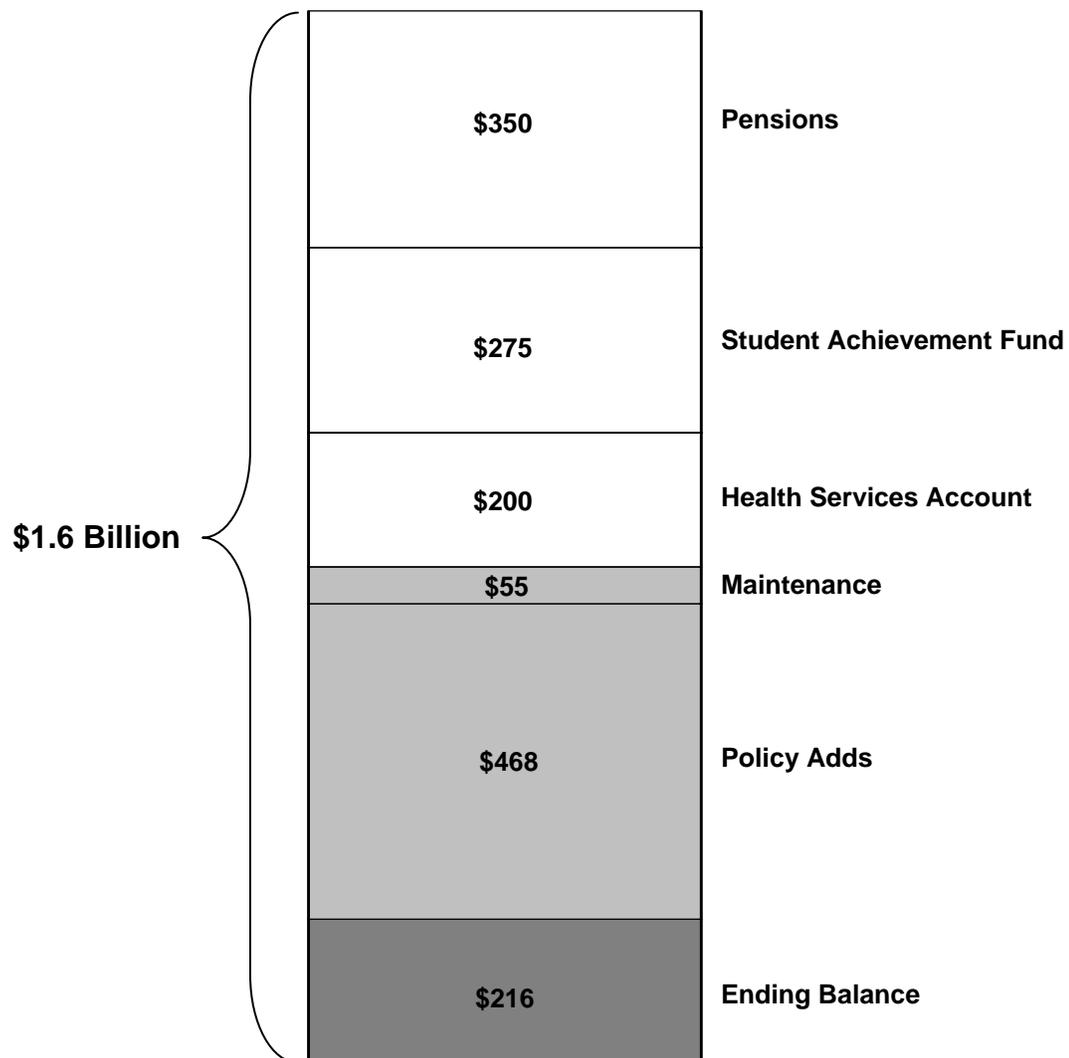
The current outlook for the Health Services Account is a deficit of \$375 million by June of 2009. However, by depositing \$200 million into the account, the balance for the 2007-09 biennium will be \$143 million.

## Student Achievement Fund

The amount of funding needed to support the increases in per student distributions from Student Achievement Fund is estimated to increase by approximately \$246 million in the 2007-09 biennium. To provide funding to support the per student distributions in the 2007-09 biennium and provide a reserve to cover inflationary growth after next biennium, the budget deposits \$275 million in the Student Achievement Fund.

## 2006 Supplemental Budget

(Dollars in Millions)



# STATE FISCAL SITUATION

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## 2006 SUPPLEMENTAL BUDGET BALANCE SHEET (Dollars in Millions)

### RESOURCES

<b>Beginning Balance</b>	<b>\$869.7</b>
November 2005 forecast	26,335.7
February 2006 Update	<u>107.3</u>
<b>Total Revenue</b>	<b>\$26,443.0</b>
2005-07 Enacted Fund Transfers	\$216.8
2006 Revenue Legislation	(56.0)
Insurance fix	51.6
2006 Transfers	<u>(9.5)</u>
<b>Total Revenues and Resources</b>	<b>\$27,515.6</b>

### APPROPRIATIONS

2005 Appropriations	\$25,952.4
2006 Supplemental Budget	\$522.4
Other Legislation	0.0
Pension Stabilization	350.0
Student Achievement	275.0
Health Services Account	<u>200.0</u>
<b>New Appropriation Level</b>	<b>\$27,299.9</b>

### RESERVES

<b>General Fund Balance</b>	<b>\$215.7</b>
Student Achievement Fund	275.0
Health Services Account	142.9
Pension Funding Stabilization Account	<u>301.4</u>
	<b>\$935.1</b>

# FUNCTIONAL AREAS OF GOVERNMENT

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## K-12 EDUCATION

### **MAINTENANCE LEVEL CHANGES - \$91.8 MILLION GENERAL FUND-STATE, \$1.2 MILLION STUDENT ACHIEVEMENT FUND**

A total of \$93 million is provided in increased maintenance level costs associated with: (1) 3,571 more students in the 2005-06 school year and 8,119 more students in the 2006-07 school year from the enrollment levels assumed in original budget; (2) an increase in the inflation factor used in providing an Initiative 732 cost-of-living adjustment to K-12 employees for the 2006-07 school year from 1.7 percent to 2.8 percent; and (3) other adjustments from the amounts assumed in the original 2005-07 budget that increase estimated state K-12 costs.

### **STUDENT REMEDIATION ASSISTANCE - \$28.5 MILLION GENERAL FUND-STATE**

A new program is created, called the Promoting Academic Success, which is designed to help students who have been unsuccessful on one or more sections of the 10th grade WASL test. School districts may use the new funding to offer intensive instruction in ways that best fit the needs of the districts' students, including summer school; Saturday or before- or after-school classes; skill seminars; test preparation seminars; and in-school or out-of-school tutoring. The funding provided includes: (1) \$2.8 million for one-time professional development related to establishing the new remediation program; (2) \$20.2 million for serving Class of 2008 students; (3) \$4.1 million for one-time allocations that will allow school districts to provide WASL remedial instruction to Class of 2007 students or to address other remediation needs identified by the Office of Superintendent of Public Instruction; and (4) \$1.5 million for a grant program to reward districts for innovative and successful remediation programs.

### **SCHOOL EMPLOYEE CATCH UP COLA - \$15.7 MILLION GENERAL FUND-STATE**

Funding is provided for an additional .5% salary increase (beyond the 2.8 percent Initiative 732 cost-of-living-adjustment) for state funded K-12 employees during the 2006-07 school year. This funding is intended to partially restore funding lost as a result of cost-of-living-adjustments not being provided during the 2003-05 biennium.

### **NATURAL GAS AND DIESEL FUEL PRICE INCREASES - \$7.7 MILLION GENERAL FUND-STATE**

One-time funding is provided for: (1) additional allocations to help school districts in managing recent increases in diesel fuel prices (\$5.6 million); and (2) additional assistance to school districts in managing recent increases in natural gas rates (\$2.1 million).

### **ASSESSMENT FUNDING ADJUSTMENTS - \$5.1 MILLION GENERAL FUND-STATE**

Funding is provided for additional contractor and other costs associated with having the 10th grade assessment results returned to students by June 10th of each year and the development and administration of the state-required science WASL.

### **VOCATIONAL EQUIPMENT REPLACEMENT - \$4.9 MILLION GENERAL FUND-STATE**

One-time funding is provided to replace and upgrade equipment in vocational and Skills Center programs. Specifically, the funding will be distributed based on \$75 per vocational student and \$125 per student at Skills Centers.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **RESTORE LEVY EQUALIZATION - \$4.8 MILLION GENERAL FUND-STATE**

The original 2005-07 budget made a prorated levy equalization reduction of 4.4 percent during calendar years 2006 and 2007. This reduction is restored in the budget for calendar year 2007. The net effect will be an estimated increase in state levy equalization payments to school districts of \$8.8 million during calendar year 2007 and \$4.8 million during state fiscal year 2007.

## **NAVIGATION 101 - \$4.0 MILLION GENERAL FUND-STATE**

The Navigation 101 program is a counseling and mentoring program to help students set goals, take courses that will further their goals, and learn where their skills lie. Funding is provided to make the Navigation 101 curriculum available to all school districts. Additionally, funding is provided for two-year grants to at least 100 school districts to implement the Navigation 101 program.

## **MATH REMEDIATION – \$3.4 MILLION GENERAL FUND-STATE**

Funding is provided for the development and distribution of modules aimed at assisting teachers and students in mathematics. Additionally, a new 10th grade mathematics assessment tool that presents the mathematics essential learnings in segments for assessment will be developed.

## **SRH PILOT GRANT PROGRAM - \$3.0 MILLION GENERAL FUND-STATE**

Funding is provided for a pilot grant program related to serving students in staffed residential homes. The pilot grant program will seek to identify the fiscal and educational challenges posed to districts that serve concentrations of staffed residential homes students and provide resources to help address these challenges. As part of the pilot grant program, a study will be conducted to make findings and recommendations regarding the variety of circumstances and needs present in the staffed residential home population, and recommendations regarding how to best meet those needs.

## **STUDENT DATA SYSTEM - \$2.9 MILLION GENERAL FUND-STATE**

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

## **SCHOOL BREAKFAST PROGRAMS - \$2.0 MILLION GENERAL FUND-STATE**

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

## **CISL/OMBUDSMAN - \$1.3 MILLION GENERAL FUND-STATE**

Funding is provided to implement ESHB 3127 (education) which reinstates the Center for Improvement of Student Learning and the creation of an ombudsman program which will be implemented on a regional level by the State Board of Education.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **SAFE SCHOOLS FEDERAL BACKFILL - \$1.0 MILLION GENERAL FUND-STATE**

The federal government has reduced the amount of funding provided to Washington state for the Safe and Drug-Free Schools and Communities (SDFSC) grants by approximately \$1.5 million or 21 percent in FY 2007. The budget provides one-time funding to help mitigate the impact of this federal budget reduction. Of this amount, \$200,000 is provided to the Department of Community, Trade and Economic Development and \$800,000 is provided in the K-12 section of the budget.

## **ALTERNATIVE ROUTES TO TEACHING - \$0.5 MILLION GENERAL FUND-STATE**

The alternative route to teaching program provides conditional loan scholarships for candidates seeking teacher certification in an area in which school districts are experiencing shortages. This program is administered by the Professional Educator Standards Board. Funding is provided for additional scholarships specifically for candidates in special education, math, science and bilingual education.

## **NATIONAL BOARD OTHER COSTS – \$0.5 MILLION GENERAL FUND-STATE**

Funding is provided for costs associated with fringe benefits on the \$3,500 salary bonus provided to each of the teachers with National Board for Professional Teaching Standards (NBPTS) certification in FY 2006 and FY 2007. Funding will maintain the bonus amount paid to national board certified teachers at \$3,500 per year.

## **CLOSING THE ACHIEVEMENT GAPS PILOT - \$0.5 MILLION GENERAL FUND-STATE**

Funding is provided for a parent, community, and school district partnership program that will meet the unique needs of different groups of students in closing the achievement gap. The Office of Superintendent of Public Instruction will award five partnership grants. The intent for the pilot program is to help students meet state learning standards, achieve the skills and knowledge necessary for college or the workplace, reduce the achievement gap, prevent dropouts, and improve graduation rates.

## **OTHER K-12 ENHANCEMENTS - \$3.3 MILLION GENERAL FUND-STATE**

Funding is provided for a variety of smaller K-12 enhancements including the following: additional Attorney General Office services related to a lawsuit dealing with special education funding (\$1.1 million); additional funding for incentives to increase Skills Center enrollment and funding for summer programs (\$0.4 million); anti-bias training (\$0.325 million); environmental education programs (\$0.15 million); youth suicide prevention (\$0.1 million); financial literacy programs for students (\$0.05 million); and miscellaneous other smaller increases.

# FUNCTIONAL AREAS OF GOVERNMENT

<b>Final 2006 Supplemental Budget for K-12 Public Schools</b>	
<b>State Fund in Thousands</b>	
	<u><b>Amount</b></u>
<b>2005-07 Original Appropriations</b>	<b>\$11,569,194</b>
<b><u>2006 Maintenance Changes</u></b>	
Enrollment & Other Workload	\$48,235
Initiative 732 COLA Increase (1.7% to 2.8%)	34,394
All Other Adjustments	10,331
<b>2006 Maintenance Changes</b>	<b>\$92,960</b>
<b><u>Policy Level Changes</u></b>	
Promoting Academic Success	\$28,553
School Employee Salary Catch Up	15,716
Transportation Emergency Assistance	5,595
Assessment Funding Adjustments	5,074
Vocational Equipment Replacement	4,943
Restore Levy Equalization	4,813
Navigation 101	3,980
Math Remediation	3,390
SRH Pilot Grant Program	3,055
Student Data System	2,896
Health Benefit Changes	2,588
Utility Costs Emergency Assistance	2,148
School Breakfast Programs	2,000
CISL/Ombudsman -ESHB 3127	1,327
Special Education Lawsuit	1,099
Safe Schools Federal Backfill	800
Alternative Routes to Teaching	511
National Board - Other Costs	510
Closing Achievement Gaps Pilot	500
Skills Center Incentive Grants	413
Anti-Bias Training	325
Diagnostic Tests - ESSB 6255	250
Pre-Apprenticeship Program Grants	175
Principal Support Program	150
Environmental Education	150
State Board Increased Costs	119
Alternative for English Learners	100
Youth Suicide Information	100
Central Service Agency Charges	71
Special Education Accounting	64
Financial Literacy	50
School Safety Plans	45
Sex Offender Workgroup - SSB 6580	40
Civics Education - EHB 2579	22
Environmental Study - EHB 2910	15
Move Early Read to Early Learning	-125
<b>Policy Level Changes</b>	<b>\$91,462</b>
<b>Total 2005-07 Revised Budget</b>	<b>\$11,753,616</b>
<i>Dollar Increase from Original Budget</i>	<i>\$184,422</i>

\* This does not include funding from the Pension Stabilization Fund in the 2006 supplemental budget .

# FUNCTIONAL AREAS OF GOVERNMENT

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## OTHER EDUCATION

### **NEW EARLY LEARNING DEPARTMENT - \$1.5 MILLION GENERAL FUND-STATE NET INCREASE**

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

### **DIGITAL LEARNING COMMONS - \$1.5 MILLION GENERAL FUND-STATE**

Funding is provided in the Department of Information Services to support the operations of the Digital Learning Commons (DLC). By September 1, 2006, the DLC shall develop a plan to become a self-supporting organization by September 1, 2008.

### **CHILD CARE CAREER AND WAGE LADDER - \$1.0 MILLION GENERAL FUND-STATE**

Funding is provided in the Department of Early Learning for the child care career and wage ladder program in established by 2005 legislation, allowing participating licensed child care centers to receive some funding to base wages upon experience, education, and responsibility.

### **EXPAND EARLY READING PROGRAM - \$0.4 MILLION GENERAL FUND-STATE**

Funding is provided to expand the Early Reading Grant Program in the Department of Early Learning which supports community-based initiatives that develop pre-reading and early reading skills through parental and community involvement, public awareness, and partnerships with local school districts. If SHB 2836 (reading achievement account) is enacted by June 30, 2006, the amount will be deposited into the Reading Achievement Account.

## HIGHER EDUCATION

### NEW ENROLLMENTS

#### **CUSTOMIZED WORKFORCE TRAINING - \$3.2 MILLION GENERAL FUND-STATE**

Funding is provided for implementation of Second Substitute Senate Bill 6326, which establishes the Washington Customized Employment Workforce Training Program. The program allows employers locating in the state or expanding in the state to receive funding for employee training. When employees complete the training, employers pay for a quarter of the training cost, and are to pay the remaining three-quarters of the cost within 18 months. Additionally, eligible employers receive a fifty percent business and occupation tax credit. The bill creates a new account, the Employment Training Finance account and includes a \$3.1 million appropriation from the state General Fund to new account. All of the programs revenues and expenditures shall be out of the new account.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **HIGH DEMAND ENROLLMENTS - \$7.5 MILLION GENERAL FUND-STATE**

Funding is provided for a total of 497 new high demand enrollments at programs throughout the state. Specific funding is provided for enrollments at the following institutions:

- University of Washington: 150 students in engineering, math, and science baccalaureate programs.
- Washington State Universities: 80 students in baccalaureate and graduate nursing programs or for baccalaureate programs in engineering and construction management.
- Regional Universities and The Evergreen State College: 80 enrollments, to be coordinated in a high demand enrollment pool by the Higher Education Coordinating Board (HECB).
- State Board for Community and Technical Colleges: 187 enrollments for high demand fields where enrollment access is limited and employers are experiencing difficulty finding qualified graduates to fill job openings.

## **JOB SKILLS PROGRAM - \$1.0 MILLION GENERAL FUND-STATE**

Funding is provided for expansion of the Job Skills program run by the State Board for Community and Technical Colleges. Funds will be matched by employers as part of the program's requirements. Additionally the board is encouraged to apply any savings gained through the Smart Buy program for additional funding for the job skills program.

## **APPLIED BACCALAUREATE DEGREES AND CO-LOCATION COSTS - \$1.1 MILLION GENERAL FUND-STATE**

Funding is provided for community and technical colleges to develop implementation plans for offering applied baccalaureate degrees as well as the ongoing cost of program funding. Additionally, the budget provides funding for three community and technical colleges increase the per student state subsidy to \$6,300 per student the state subsidy to for the purpose of contracting for upper-divisional coursework.

## **NORTH SNOHOMISH, ISLAND, AND SKAGIT CONSORTIUM FOR HIGHER EDUCATION - \$0.3 MILLION GENERAL FUND-STATE**

Funding is provided to expand access to higher education in north Snohomish, Island, and Skagit counties. The Consortium will serve 250 student FTEs through the university contract model, as specified in Substitute House Bill 3113 (access to higher education). Support for university contracts for upper-divisional coursework is provided by increasing the per student state subsidy for 120 enrollments to \$6,300.

## **WSU TRI-CITIES BRANCH CAMPUS PLANNING - \$0.3 MILLION GENERAL FUND-STATE**

Funding is provided to Washington State University (WSU) Tri-Cities to assist in the transition from a branch to four-year campus. Funds may be used to develop curricula, recruit new faculty, and expand student services. WSU Tri-Cities may begin enrollment of lower-division students in the Fall of 2007 within the specifications provided in Substitute House Bill 2867 (Tri-Cities branch campus expansion into four-year institution).

# FUNCTIONAL AREAS OF GOVERNMENT

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## SCHOLARSHIPS AND FINANCIAL AID

### **FUTURE TEACHERS CONDITIONAL SCHOLARSHIP PROJECT - \$0.5 MILLION GENERAL FUND-STATE**

Funding is provided to expand the existing future teacher conditional scholarship program by 70 scholarships. The additional scholarships are dedicated for prospective teachers of special education, bilingual education, mathematics, and science.

### **THE LEADERSHIP 1000 SCHOLARSHIP PROGRAM - \$0.5 MILLION GENERAL FUND-STATE**

Funding is provided for the Higher Education Coordinating Board to contract with the Leadership 1000 Scholarship Program. The program matches benefactors with selected economically disadvantaged students who have exhausted all other sources of scholarship and financial aid and would be otherwise unable to attend college. The state funding will be leveraged with private donations to support, develop, and implement the program.

### **OPPORTUNITY GRANTS - \$4.2 MILLION GENERAL FUND-STATE**

Funding is provided for the State Board for Community and Technical Colleges (SBCTC) and Workforce Training and Education Coordinating Board (WTECB) to develop and implement opportunity grant programs at selected colleges. The opportunity grants will provide low-income students enrolled in the program with funding to cover the costs of workforce education, which may include tuition, books, fees, and other expenses associated with participating in the program. Additionally, in consultation with other agencies and groups, the Board is directed to identify high demand occupations using industry groups, and to develop skills-based credentials for high demand sectors.

## COMPENSATION

### **I-732 COLA - \$3.0 MILLION GENERAL FUND-STATE, \$0.3 OTHER FUNDS**

Funding is provided to implement the cost-of-living increases as specified by Initiative 732.

### **COMMUNITY AND TECHNICAL COLLEGE FACULTY INCREMENTS- \$1.5 MILLION GENERAL FUND-STATE**

Funding is provided for additional faculty increments at the community and technical colleges. The amount provided shall be allocated proportionally to part-time and full-time faculty based on their respective salary bases.

### **COMMUNITY AND TECHNICAL COLLEGE PART-TIME HEALTH BENEFITS - \$0.8 MILLION GENERAL FUND-STATE**

Funding is provided to maintain health care benefits for part-time academic employees at community and technical colleges, provided the employees establish and maintain an annual average workload pattern of over 50 percent time, as specified in Second Substitute House Bill No. 2583 (Community and Technical College Employees).

# FUNCTIONAL AREAS OF GOVERNMENT

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## OPERATIONS SUPPORT

### **NATURAL GAS COSTS - \$3.0 MILLION GENERAL FUND-STATE**

One-time funding is provided to institutions of higher education for assistance in managing recent increases in natural gas rates during FY 2006. The funding provides the general fund-state share of 17.5 percent increase in natural gas costs.

### **MAINTENANCE AND OPERATIONS COSTS - \$5.7 MILLION GENERAL FUND-STATE**

Funding is provided for maintenance and operations costs for 35 instructional facilities located throughout the state. This includes 32 projects for community and technical colleges and three projects for Washington State University located in Spokane, Prosser, and Vancouver.

### **BIOENGINEERING AND GENOME SCIENCES BUILDINGS- \$2.0 MILLION GENERAL FUND-STATE**

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

### **EXPANSION TO BELLINGHAM WATERFRONT - \$0.4 MILLION GENERAL FUND-STATE**

One-time funding is provided for coordination of the planning efforts related to the expansion of Western Washington University's Campus to the Bellingham waterfront. Planning efforts will be made in conjunction with the City of Bellingham, Whatcom Community and Technical College, Bellingham Technical College, Whatcom County, and the Port of Bellingham.

## NEW PROGRAMS AND RESEARCH

### **LIFE SCIENCES RESEARCH - \$4.3 MILLION GENERAL FUND-STATE**

The Senate budget provides funding for life sciences research throughout the state. This includes the following projects:

- \$2.4 million for the University of Washington to increase its capacity to conduct life sciences research. State funding will be leveraged with private and federal investments.
- \$1 million for Washington State University for the development of life sciences research located in Spokane. The research will focus on developing and implementing new medical treatment therapies.
- \$0.9 million for the Life Sciences Discovery Fund Authority for start-up costs. 2005 legislation created the Life Sciences Discovery Fund Authority to provide grants for life sciences research.

### **AGNETWEATHER SYSTEM - \$0.8 MILLION GENERAL FUND-STATE**

Funding is provided for Washington State University for the operation of the AgNetWeather System. The system will provide data for fire services, scientists

# FUNCTIONAL AREAS OF GOVERNMENT

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predicting movement of airborne particulates, and for additional weather-dependent state and private agricultural, natural resource, and environmental activities throughout the state.

## **BIOLOGICALLY INTENSIVE AND ORGANIC AGRICULTURE - \$0.4 MILLION GENERAL FUND-STATE**

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

## **DEPARTMENT OF GLOBAL HEALTH - \$0.5 MILLION GENERAL FUND-STATE**

Funding is provided for the University of Washington to implement a department of global health. The Schools of Medicine and Public Health and Community Medicine will jointly form and operate the department. The focus will be establishing sustainable improvements in global health through public health policy, practice, and medical care.

## **PACIFIC NORTHWEST SEISMIC NETWORK - \$0.4 MILLION GENERAL FUND-STATE**

Funding is provided for the University of Washington to enhance the Pacific Northwest Seismic Network's ability to assist state emergency managers. The additional resources are for development of monitoring tools, databases, and communications. They will be linked to the Military Department's Emergency Management Division.

## **PLANNING AND EMERGENCY MANAGEMENT PROGRAM - \$0.3 MILLION GENERAL FUND-STATE**

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

## **BORDER POLICY RESEARCH INSTITUTE - \$0.3 MILLION GENERAL FUND-STATE**

Funding is provided for enhancements at Western Washington University's Border Policy Research Institute.

## **FIREFIGHTER APPRENTICESHIP PROGRAM - \$0.2 MILLION GENERAL FUND-STATE**

Funding is provided for enhancements to the firefighter apprenticeship program at South Seattle Community College.

## **EDUCATIONAL OUTREACH**

### **HEALTH CARE PARTNERSHIPS- \$0.2 MILLION GENERAL FUND-STATE**

Matching funds are provided for strategic statewide partnerships with health care providers or facilities to address the health work force shortage. Partnerships may include efforts to increase the capacity of community and technical colleges to education students enrolled in health professions programs, improve retention of health care workers, improve knowledge of the health industry work force, and increase the number of youth and diverse populations in the health work force.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **MATH ENGINEERING SCIENCE ACHIEVEMENT (MESA) WASHINGTON - \$0.3 MILLION GENERAL FUND-STATE**

Additional funding is provided for MESA Washington to increase the number of hands-on math and science programs for K-12 students throughout the state. Washington State University will sponsor expansion into the Yakima Valley and southwest Washington. The University of Washington will sponsor work with tribal schools throughout the state.

## **TRANSITIONS MATH PROJECT - \$0.3 MILLION GENERAL FUND-STATE**

Funding is provided for the State Board for Community and Technical Colleges to coordinate a project to address the need to reduce remedial math courses taken at institutions of higher education. The project will bring together representatives from the K-12 system, the Community and Technical College system, and public four-year institutions to: 1) provide outreach and standards-based instructional materials to support local high school and college partnerships for the purpose of enhancing student expectations regarding college-level math courses; and 2) improve the math placement testing process.

## **SUPPORT FOR AUTISTIC CHILDREN - \$0.2 MILLION GENERAL FUND-STATE**

Funding is provided for service delivery enhancements at the Autism Center at the University of Washington Tacoma campus and the Northwest Autism Center in conjunction with Eastern Washington University.

## **BURKE MUSEUM EDUCATIONAL OUTREACH - \$0.2 MILLION GENERAL FUND-STATE**

Funding is provided for the Museum to develop and present additional traveling educational exhibits and supporting curriculum.

## **MISCELLANEOUS**

### **TUITION WAIVER - \$0.3 MILLION GENERAL FUND-STATE**

Funding is provided for additional tuition waiver authority granted to Central Washington University in the 2005-07 biennial budget. In the 2005-07 operating budget, the Legislature increased the university's tuition waiver authority from 8 percent to 11 percent.

### **NURSING FACULTY PILOT PROJECT - \$0.1 MILLION GENERAL FUND-STATE**

Funding is provided to implement a nursing faculty retention and recruitment pilot project through the State Board for Community and Technical Colleges. Yakima Valley Community College and another community college located in the Western part of the state will receive funding to raise the nursing faculty salaries by \$10,000 for fiscal year 2007.

### **INSTITUTE FOR PUBLIC POLICY STUDIES - \$0.7 MILLION GENERAL FUND-STATE**

Funding is provided for the Washington State Institute of Public Policy to conduct the following studies, assuming passage of the necessary legislation:

- Based on Substitute Senate Bill 6618, conduct an analysis and review of various aspects of the Washington Assessment of Student Learning (\$275,000).
- To begin development of a central repository of research and evaluations of the cost-benefits of various K-12 educational programs and services (\$125,000).

## FUNCTIONAL AREAS OF GOVERNMENT

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- To hire a meeting facilitator to conduct a series of meetings to examine the strengths and weaknesses of educational services available to deaf and hard of hearing children throughout the state (\$55,000).
- As required by Second Substitute Senate Bill 6239, study other states' sentencing laws with respect to methamphetamine and recidivism rates of offenders receiving the Drug Offender Sentencing Alternative (\$48,000).
- Conduct a study of continued foster care support services outlined in Second Substitute House Bill 2002 (\$61,000).
- Perform a quantitative analysis of the effectiveness of remedial programs funded as part of the promoting academic success program (\$50,000).
- Study the Department of Social and Health Services children's mental health evidence-based pilot program (\$30,000).
- Update the list and cost parameters of cost-beneficial juvenile justice programs previously published by the Institute, as directed by Fourth Substitute House Bill 1483 (\$40,000).

# FUNCTIONAL AREAS OF GOVERNMENT

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<b>2005-07 Revised Omnibus Operating Budget (2006 Supp)</b>	
<b>Conference Report--Higher Education Total</b>	
<b>General Fund - State</b>	
(Dollars in Thousands)	
2005-07 Original Appropriations	2,900,607
<b>Total Maintenance Changes</b>	<b>11,200</b>
<b>2006 Policy Changes:</b>	
Natural Gas Costs for FY 2006 (all Institutions)	3,016
<b>State Board for Community and Technical Colleges</b>	
High-Demand Enrollments	1,500
Applied BA and Co-Location Costs	1,060
Consortium University Contracts (HB 3113)	325
Facilities Maintenance	4,599
Faculty Increments	1,500
Part-Time Health Benefits (HB 2583)	768
Job Skills Program	1,000
Opportunity Grants	4,075
Customized Workforce Training (SB 6326)	3,150
Transitions Math Project	275
Health Care Partnerships	150
Firefighter Apprenticeship Program	150
Nursing Faculty Pilot	140
<b>Higher Education Coordinating Board</b>	
HECB High-Demand Enrollments	900
HECB Future Teacher Scholarships	511
HECB Leadership 1000 Scholarships	500
HECB GEAR-UP Stabilization	75
<b>University of Washington</b>	
Math and Science Enrollments	2,500
Life Sciences Research	2,400
BioE & Genome Bldgs O&M	2,000
Pacific NW Seismic Network	400
Global Health Initiative	500
UW-Tacoma Autism Center	100
People of Color Curriculum Review	125
Burke Museum Educational Programs	150
WA Search for Young Scholars	150
MESA Outreach	300

# FUNCTIONAL AREAS OF GOVERNMENT

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<b>2005-07 Revised Omnibus Operating Budget (2006 Supp)</b>	
<b>Conference Report--Higher Education Total</b>	
<b>General Fund - State</b>	
(Dollars in Thousands)	
<b>Washington State University</b>	
Math and Science Enrollments	1,174
Life Sciences Research-Spokane	1,000
WSU-Tri-Cities Lower Division Planning Funds	250
Agricultural Weather Network	800
Biologically Intensive & Organic Ag	400
Biofuels Energy Extension Program	98
Local Government Publication	5
<b>Eastern Washington University</b>	
Northwest Autism Center	100
<b>Central Washington University</b>	
CWU Tuition Waiver	330
<b>Western Washington University</b>	
WWU Expansion to Bellingham Waterfront	400
WWU Planning & Emergency Mgmt Program	250
WWU Border Policy Research Institute	250
<b>The Evergreen State College</b>	
TESC Labor Research and Education Ctr	80
Hood Canal Oral Histories	20
<b>Washington State Institute for Public Policy</b>	
High School Assessment System	275
Hearing Impaired Students	55
Studies on Controlled Substances (SB 6239)	48
Education Cost-Benefit Study	125
Foster Care to Age 21 Study	61
Remediation Programs Study	50
Children's Mental Health Pilots	30
Reinvesting in Youth Program	40
Other	102
<b>Total Policy Changes</b>	<b>38,262</b>
<b>2005-07 Revised Appropriations</b>	<b>2,950,069</b>

# FUNCTIONAL AREAS OF GOVERNMENT

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## MENTAL HEALTH

### **SYSTEM TRANSFORMATION INITIATIVE - \$31.1 MILLION GENERAL FUND-STATE**

Funds are provided to begin a comprehensive transformation in the delivery of public mental health services for people with severe and persistent mental illness. As provided in Substitute Senate Bill 6793, the strategy clearly defines state hospital and Regional Support Network (RSN) responsibilities with regard to people who require short and long-term care; emphasizes the use of evidence-based practices; funds the phased-in development and ongoing support of community-based alternatives to state psychiatric hospitalization; links the receipt of community funding to achievement of negotiated performance objectives; holds RSNs accountable for managing state hospital admissions and discharges within established bed allocation targets; and holds the state hospitals accountable for admitting people who need intensive long-term care on a timely basis, and for effectively supporting their recovery and return to the community. The two key components of the strategy include (1) opening five additional wards at Eastern and Western State Hospitals on a temporary basis, at a cost of \$29 million this biennium and \$31 million next; and (2) providing \$3.2 million this biennium for initial development of new community program approaches which, when fully operational next biennium, will cost approximately \$34 million, and will permit phased closure of the wards that are being opened this biennium. Other elements of the system transformation include preparation of a plan for expanding community housing options for people with persistent mental illness; development of a utilization review system to assure people receive appropriate levels and durations of inpatient care; a comprehensive review of the state's involuntary commitment statute and system; and a study of alternative approaches to establishing Medicaid managed care rates, with particular emphasis upon approaches that emphasize defined benefits levels and risk adjustment.

### **REGIONAL SUPPORT NETWORK FUNDING INCREASES - \$11.2 MILLION GENERAL FUND-STATE, \$10.9 MILLION GENERAL FUND-FEDERAL**

Additional funds are provided to improve the quality and availability of community mental health services, and to assure more equitable access to such services statewide. In Fiscal Year 2007, non-Medicaid funds are to be distributed proportional to total population in each Regional Support Network (RSN) region. Medicaid payment rates are increased to the statewide average for those RSNs whose rates would otherwise be below that level, and by 3.5 percent for those RSNs whose rates are above the current average. Additional state funds are provided to assure that no RSN receives less total funding next year than this. Statewide, total RSN funding is increased by \$34.6 million, or 9 percent, in Fiscal Year 2007.

### **SYSTEM STABILIZATION GRANTS - \$3.6 MILLION GENERAL FUND-STATE**

A total of \$2.8 million is provided to refund 50 percent of the "liquidated damages" that were charged Regional Support Networks during Fiscal Years 2002 - 2005 for using more than their allocated amount of state hospital services. Additionally, \$750,000 is provided to offset uncompensated care costs for hospitals that no longer qualify for federal funds for that purpose because of federal Medicaid restrictions.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **EASTERN STATE HOSPITAL LEGAL OFFENDER UNIT - \$1.3 MILLION GENERAL FUND-STATE**

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

## **HEALTH CARE**

### **MEDICAL ASSISTANCE CASELOAD AND UTILIZATION CHANGES - \$90.2 MILLION GENERAL FUND-STATE SAVINGS; \$40.3 MILLION HEALTH SERVICES ACCOUNT-STATE COST; \$39.4 MILLION GENERAL FUND-FEDERAL SAVINGS (MAINTENANCE LEVEL CHANGES)**

An average of 906,000 low-income Washingtonians per month are projected to receive medical and dental care through Department of Social and Health Services medical assistance programs during the 2005-07 biennium, at a total state and federal cost of \$7.68 billion. This is 2.4 percent fewer than the 928,000 persons per month anticipated in the original biennial budget. Primarily for this reason, total state expenditures are projected to be about 1.4 percent (\$52 million) less than originally budgeted. State expenditures are decreasing more than federal because, on a one-time basis, Congress has agreed to allow states such as Washington that were already covering children with family incomes below 200% of the federal poverty level to charge part of those costs at the higher federal matching funds rate that subsequently became available to other states under the State Children's Health Insurance (SCHIP) program. This SCHIP flexibility results in a one time savings of \$23 million to the state Health Services Account.

### **MEDICARE PART D CO-PAYS - \$18.2 MILLION GENERAL FUND-STATE**

Under the new Medicare Part D program, more than 100,000 low-income elderly and disabled Washingtonians whose drug costs were previously covered in full by the state Medicaid program must now pay \$1, \$3, or \$5 per prescription. This is a significant burden since these individuals average 7 prescriptions per month and typically have incomes of less than \$600 per month. As recommended by the Governor, the supplemental budget therefore provides new state funds to cover this cost for Medicaid recipients. With this change, the combined cost of the new Part D benefit to the state Medical Assistance budget totals \$24 million.

### **INCREASE BASIC HEALTH PLAN ENROLLMENT - \$12.5 MILLION HEALTH SERVICES ACCOUNT**

The supplemental budget provides subsidized Basic Health Plan (BHP) coverage for an additional 6,500 low-income Washingtonians per month, starting in October. This is a 6.5 percent increase from current enrollment levels.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **PANDEMIC FLU PREPAREDNESS - \$2.0 MILLION GENERAL FUND-STATE, \$7.0 MILLION GENERAL FUND-FEDERAL**

Funding is provided for state and local health departments to develop and implement comprehensive plans for responding to a pandemic flu, such as the one many experts fear could develop from the new avian flu virus that is appearing throughout Eurasia.

## **COMMUNITY HEALTH COLLABORATIVE GRANTS - \$1.4 MILLION GENERAL FUND-STATE; \$0.1 MILLION HEALTH SERVICES ACCOUNT**

In accordance with Second Substitute Senate Bill 6459, the Health Care Authority will provide two-year grants of up to \$250,000 to assist community-based organizations increase access to appropriate, affordable health care for Washington residents, particularly low-income working individuals. The applicant organizations must assure measurable improvements in health access within their service region; demonstrate active collaboration with key community partners such as health care providers, businesses, and local government; and provide two dollars in matching funds for each grant dollar awarded.

## **IMMIGRANT CHILDREN'S HEALTH PROGRAM - \$7.3 MILLION GENERAL FUND-STATE**

The supplemental budget provides funding to increase enrollment in the Immigrant Children's Health Program to 13,000 in July, and to 14,000 in October. The program currently provides medical and dental care for 4,300 children whose family incomes are below the poverty level but who are not eligible for Medicaid because of their immigration status.

## **COMMUNITY CLINIC GRANTS - \$2.0 MILLION HEALTH SERVICES ACCOUNT**

State grants to clinics that provide free and reduced-cost medical and dental care are increased by 21 percent.

## **NEW CHILDHOOD VACCINES - \$3.0 MILLION HEALTH SERVICES ACCOUNT**

The supplemental budget provides funding for at least three new vaccines, and one new immunization requirement, to be added to the universal immunization system, under which the state and federal governments purchase Center for Disease Control and Prevention (CDC)-recommended vaccines on behalf of all of the state's children, regardless of family income. The new State Board of Health requirement is for varicella (chicken pox) immunization or proof of immunity in order to enter child care or school. The new vaccines include one for meningitis, and a new combination vaccine to increase adolescent immunity to pertussis (whooping cough). In order to reduce the number of single injections required for infants aged 2 -6 months, funding is also provided to add one or more additional combination vaccines based upon a clinical and cost-effectiveness review by the Department of Health and its Vaccine Advisory Committee.

## **BREAST AND CERVICAL CANCER SCREENING - \$1.7 MILLION GENERAL FUND-STATE**

Funding is provided to increase by 25 percent the number of low-income, uninsured women who are screened and provided treatment for breast and cervical cancer.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **SMALL EMPLOYER HEALTH INSURANCE ASSISTANCE PROGRAM - \$0.6 MILLION HEALTH SERVICES ACCOUNT**

The Health Care Authority will complete initial design and development of the Small Employer Health Insurance Partnership Program established by Substitute House Bill. The program will subsidize enrollment in their employers' insurance program for workers with incomes below 200 percent of poverty, and their families. Because the employer will be required to pay at least 40 percent of the cost of the worker's premium, this will be less expensive to the state than if the worker enrolled in the regular Basic Health Plan, while at the same time enabling small employers to maintain larger, more viable coverage groups.

## **ADDRESSING HEALTH DISPARITIES - \$0.6 MILLION GENERAL FUND—STATE**

Funding is provided to support the work of the Interagency Council on Health Disparities established by Substitute Senate Bill 6197. The Council is responsible for developing a comprehensive action plan for eliminating racial differences in health access and outcomes by 2012.

## **STATE HEALTH TECHNOLOGY ASSESSMENT PROGRAM - \$0.5 MILLION HEALTH SERVICES ACCOUNT, \$0.4 MILLION GENERAL FUND—FEDERAL, \$0.3 MILLION OTHER STATE FUNDS**

As provided in Substitute House Bill 2575, the Health Care Authority will establish an inter-agency Health Technology Clinical Advisory Committee (HTCAC) to study evidence-based purchasing methods and make recommendations to the state's major health care purchasers. The participating agencies are the Department of Social and Health Services, the Department of Labor & Industries, the Department of Corrections, and the Department of Veterans' Affairs. Assessments will be provided to the HTCAC by a new Health Technology Assessment Center at the University of Washington. Recommendations will emphasize health care procedures and technologies that have been shown to be both effective and cost-efficient.

## **INCREASED UTILIZATION REVIEW - \$3.1 MILLION GENERAL FUND—STATE AND \$3.1 MILLION GENERAL FUND FEDERAL SAVINGS**

The supplemental budget provides funding for additional staff to expand current successful efforts aimed at assuring appropriate and cost-effective use of medical services. Savings will be achieved by preventing inappropriate and off-label use of certain prescription drugs; by reviewing, and potentially terminating, contractual arrangements with providers who have demonstrated substandard practice patterns; and by increasing record reviews to assure that expensive procedures are being delivered in accordance with clinical guidelines.

## **LONG-TERM CARE**

### **CASELOAD AND COST-PER-CASE CHANGES - \$16.8 MILLION GENERAL FUND-STATE, \$20.7 MILLION GENERAL FUND-FEDERAL (MAINTENANCE LEVEL CHANGES)**

An average of 49,500 people per month are now projected to receive publicly-funded long-term care services during the 2005-07 biennium, rather than an average of 48,500 per month as anticipated in the original budget. This cost is largely offset by the fact that

# FUNCTIONAL AREAS OF GOVERNMENT

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nursing home rates are now expected to be about 1 percent lower than projected in the original biennial budget and fewer individual homecare contractors are enrolling for publicly-funded medical benefits than anticipated in funding their collective bargaining agreement. However, that cost per case savings is offset by the fact that medical coverage for homecare agency employees is now projected to cost \$38 million during 2005-07, rather than \$11 million as originally budgeted.

## **NURSING HOME RATE INCREASE - \$10.1 MILLION GENERAL FUND–STATE, \$10.1 MILLION GENERAL FUND-FEDERAL**

Nursing home payment rates will increase by an average of 6.0 percent next year as a result of the following payment system changes directed in Substitute House Bill 2716: a) direct care and operations rates will be re-based to reflect calendar year 2003 costs; b) the minimum occupancy standard for the direct care component of the rate is repealed; c) the case-mix corridor floor is eliminated, and the ceiling is increased to 112 percent of the industry median; and d) a "hold harmless" provision will assure that certain facilities do not receive a lower rate under the revised system than they are receiving as of June 30, 2006.

## **HOMECARE AGENCY “PARITY” - \$6.1 MILLION GENERAL FUND–STATE, \$6.1 MILLION GENERAL FUND–FEDERAL**

Funds are provided to implement Substitute House Bill 2333, which requires that homecare agency payment rates include all of the same wage and benefit increases as are awarded individual homecare contractors through collective bargaining or binding arbitration. In addition to funding for hourly wage, vacation, and seniority, funds are also appropriated for homecare agencies to provide medical, dental, and vision benefits at the same per worker per month defined contribution rate as funded in the individual provider collective bargaining agreement. Those defined contribution rates are \$449 per covered worker per month in Fiscal Year 2006, and \$532 per covered worker per month in Fiscal Year 2007.

## **OTHER LONG-TERM CARE RATE INCREASES - \$3.9 MILLION GENERAL FUND–STATE, \$3.9 MILLION GENERAL FUND–FEDERAL**

Payment rates for adult day health programs will increase by approximately 14 percent. Assisted living facilities with more than 60 percent Medicaid occupancy will receive supplemental add-ons, equivalent to an approximately 7 percent rate increase. A 3.75 percent reduction in the Area Agency on Aging (AAA) case manager-to-client ratio included in the original budget is repealed, and AAAs are provided the same 1.0 percent annual cost-of-living adjustment as was provided in the original budget for most other health and human services contractors. An additional 1.0 percent cost-of-living increase is provided for adult family homes and boarding homes.

## **ADDITIONAL NURSING HOME CAPACITY FOR VETERANS - \$1.3 MILLION GENERAL FUND–FEDERAL, \$0.2 MILLION PRIVATE PAY**

The supplemental budget appropriates funds to provide skilled nursing facility services to 40 additional individuals at the Washington Veterans Home in Retsil. The additional cost of this service is projected to be covered by resident contributions toward the cost of their care and by reimbursements from the federal Medicare, Medicaid, and Veterans Services programs.

# FUNCTIONAL AREAS OF GOVERNMENT

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## CHILDREN'S SERVICES

### **FOSTER CARE AND ADOPTION SUPPORT CASELOAD AND UTILIZATION CHANGES - \$12.8 MILLION GENERAL FUND-STATE, \$7.7 MILLION GENERAL FUND-FEDERAL (MAINTENANCE LEVEL CHANGES)**

Funding is provided to account for higher per person costs for Adoption Support and Foster Care than were assumed in the original biennial budget. Per person costs for Adoption Support grew by 3.7 percent, Family Foster Homes grew by 2.1 percent, and Behavioral Rehabilitation Services grew by 1.7 percent from Fiscal Year 2004 to Fiscal Year 2005. These higher per person costs are partially offset by cost reductions from lower caseloads than assumed in the original biennial budget. The forecast includes annual one percent vendor rate increases in per person costs.

### **GOALS SUPPORTING BRAAM OVERSIGHT PANEL**

Children's Administration continues to work with the Braam Oversight Panel to establish benchmarks and achieve outcomes in six areas: Placement Stability, Mental Health, Foster Parent Training and Information, Unsafe/Inappropriate Placements, Sibling Separation, and Services to Adolescents. The budget provides the following funding increases to support a number of these goals:

- ***Child Welfare Information System*** – Funding is provided to replace the current child welfare information system with a Statewide Automated Child Welfare Information System (SACWIS). The Department will hire an implementation vendor and perform initial implementation work. The total project is estimated to cost \$11.8 million and to be completed in the beginning of 2009. (\$3.8 million General Fund-State, \$3.8 million general Fund-Federal)
- ***Child Welfare 30 day visits*** – Funding is provided to phase-in an additional 200 child welfare workers toward achieving the goal of face-to-face contact with children, parents, and/or caregivers every 30 days, for both in-home services and out-of-home placements. (\$5.8 million General Fund-State, \$2.4 million General Fund-Federal)
- ***Extend Foster Care to Age 21 for Post-Secondary Education*** – Pursuant to Second Substitute House Bill 2002, an extension of foster care is provided for up to 50 youths to age 21 to complete a post-high school academic or vocational program and to receive necessary support and transition services. (\$0.5 Million General Fund-State)
- ***Foster Parent Critical Support and Retention Program*** – Pursuant to Second Substitute House Bill 3115, funding is provided for cognitive behavioral therapy training to foster parents who care for children who act out sexually and/or physically, as part of a statewide foster parent critical support and retention program. It is estimated that 618 foster homes will receive this training in Fiscal Year 2007. (\$0.5 million General Fund-State, \$0.2 Million General Fund-Federal)
- ***Supervised Visitation*** - Funding is provided for costs associated with Supervised Visitation that are higher than forecast in the original biennial budget. Supervised visitation helps to maintain the parent-child relationship when safe to do so, allows the parent the opportunity to demonstrate parenting skills, and expedites permanency. (\$0.9 million General Fund-State, \$0.4 million General Fund-Federal)

## FUNCTIONAL AREAS OF GOVERNMENT

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- **Placement Evaluations** - Funding is provided for costs associated with Placement Evaluations that are higher than forecast in the original biennial budget. These psychiatric and psychological evaluations for children and/or parents assist in preventing out-of-home placements, making appropriate out-of-home placements, or implementing a permanent plan. (\$0.3 Million General Fund-State)

### **FAMILY POLICY COUNCIL - \$1.5 MILLION GENERAL FUND-STATE**

Funding is provided in DSHS Administrative Services for the Family Policy Council and community public health and safety networks to balance reductions taken in previous biennia. The Council and community-based networks work to prevent child abuse and neglect and recommend policy changes at the state and local level.

## DEVELOPMENTAL DISABILITIES

### **NEW COMMUNITY RESIDENTIAL PLACEMENTS, INCLUDING COMMUNITY PROTECTION - \$0.6 MILLION GENERAL FUND-STATE, \$0.6 MILLION GENERAL FUND-FEDERAL**

Funding is provided for an additional 19 persons needing community residential and support services. Seven additional clients will be served in the community protection program, and priority consideration for the remaining 12 placements shall be for children with high behavior needs aging out of state services; clients who are in crisis or immediate risk of needing an institutional placement; and residents of state institutions who have chosen to move to a community setting.

### **EMPLOYMENT AND DAY/HIGH SCHOOL TRANSITION - \$1.1 MILLION GENERAL FUND-STATE, \$0.3 MILLION GENERAL FUND-FEDERAL**

Funding is provided to extend employment and day services to approximately 250 additional clients. Priority consideration for this new ongoing funding will be young adults living with their families who need employment opportunities and assistance after high school graduation.

### **SUPPORTED LIVING PROVIDER RATE INCREASE - \$0.9 MILLION GENERAL FUND-STATE, \$1.0 MILLION GENERAL FUND-FEDERAL**

A rate increase is provided for supported living providers of 15 cents per hour for King County providers and 12 cents per hour for all other providers.

### **ADDITIONAL CASEWORKERS - \$0.8 MILLION GENERAL FUND-STATE, \$0.6 MILLION GENERAL FUND-FEDERAL**

Funding is provided to add fourteen case resource managers and related support staff in Fiscal Year 2007 for more timely distribution of programs to clients waiting for services, including Medicaid Personal Care, family support, and other programs. Half of the caseworkers will be devoted to accelerating the implementation of the Mini-Assessment tool to clients who are currently not receiving paid services.

### **LEGAL SERVICES FOR COMMUNITY PROTECTION CLIENTS - \$0.3 MILLION GENERAL FUND-STATE**

One-time funding is provided to the Developmental Disabilities Council through the Department of Community, Trade and Economic Development to contract for legal

# FUNCTIONAL AREAS OF GOVERNMENT

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services for individuals entering or currently residing in the Community Protection Program. Services shall be prioritized for individuals needing legal services who do not have a paid legal guardian, however services are available to all individuals, subject to available funding.

## **STUDY OF SERVICE PRIORITIZATION AND ALLOCATION- \$0.1 MILLION GENERAL FUND-STATE**

Funding is provided to the Joint Legislative Audit and Review Committee (JLARC) to review how the Division of Developmental Disabilities (DDD) prioritizes and allocates services to clients, including efforts to improve assessment and case management practices related to the 2003 JLARC Performance Audit JLARC Report and a review of best practices in other states. JLARC shall report to the Legislature no later than January 1, 2007.

## **LICENSED PROFESSIONAL SERVICES - \$0.1 MILLION GENERAL FUND-STATE**

Funding is provided for the Division of Developmental Disabilities to continue to offer licensed professional services to community based clients, including dental services, medical and nursing services, psychology and behavioral services, and rehabilitative services, at the state Residential Habilitation Centers.

# SUBSTANCE ABUSE AND GAMBLING TREATMENT

## **CONTROLLED SUBSTANCES AND METHAMPHETAMINE - \$3.2 MILLION GENERAL FUND-STATE; \$1.6 MILLION PUBLIC SAFETY AND EDUCATION-STATE**

Funding is provided for implementation of Engrossed Substitute Senate Bill 6239 to reduce methamphetamine usage and trafficking:

- \$1.7 Million for three rural task forces in the northeast, southeast, and southwest regions of the state. Each task force will receive 4 sheriff deputies, 2 prosecutors, and 1 clerk.
- \$1.6 Million for multi-jurisdictional drug task forces. Federal funding has been reduced by 40 percent since 2004. The Senate budget restores the 40 percent cut with state funding.
- \$0.4 Million for 100 additional therapeutic drug and alcohol treatment placements for offenders in institutions.
- \$0.3 Million for the Drug Offender Sentencing Alternative (DOSA) to allow for longer time for substance abuse treatment.
- \$0.5 Million for chemical dependency screenings for all felonies where the court determines that a dependency problem contributed to the offense.
- \$0.2 Million for studies to review methamphetamine action teams, DOSA recidivism rates, and the effect of neighboring states' methamphetamine laws on drug traffickers and manufacturers in Washington state, and to the Department of Health for implementation of rules and conducting a feasibility study regarding incentives to landlords.

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## **COMMUNITY BASED DRUG OFFENDER SENTENCING ALTERNATIVE (DOSA) – \$3.2 MILLION GENERAL FUND-STATE**

The 2005 Legislature passed Engrossed Second Substitute House Bill 2015, which amended the Drug Offender Sentencing Alternative (DOSA) to include a community-based option. This allows the court to waive the standard sentence for eligible offenders and impose a term of residential treatment for three to six months, followed by a term of community custody. Funding is provided for 100 community-based residential treatment beds and the cost of court-ordered examinations for offenders who are being considered for a DOSA sentence.

## **EXPAND PARENT-CHILD ASSISTANCE PROGRAM TO SKAGIT COUNTY - \$0.4 MILLION GENERAL FUND-STATE**

Funding is provided to expand the Parent-Child Assistance Program, which provides intensive support and referral services to pregnant and parenting women who are using drugs or are at risk of substance abuse.

## **PROBLEM GAMBLING TREATMENT - \$0.2 MILLION GENERAL FUND-STATE**

Funding is provided to supplement dedicated revenues for the recently established problem gambling treatment program, created by 2005 legislation. Revenues for the program are \$150,000 lower than expected when the program was authorized. The budget provides state funds to ensure that the level of treatment available is equivalent to the level expected under the 2005-07 budget.

## **OTHER HUMAN SERVICES**

### **DSHS – ECONOMIC SERVICES**

#### **BALANCE WORKFIRST SHORTFALL - \$53.9 MILLION GENERAL FUND-STATE**

Funding is provided to balance the WorkFirst program, Washington's program for Temporary Assistance to Needy Families (TANF), and Working Connections Child Care; joint federal-state programs managed by the Governor. The Governor requested a 2005 workgroup to re-examine the WorkFirst program, which has a \$106 million deficit for the 2005-07 biennium, and to provide recommendations to balance the program. In addition to the use of \$20 million in resources from federal incentives and other one-time sources, the Governor expects to implement portions of the workgroup's recommendations by making \$36 million in reductions through various efficiencies, caseload reductions, and full-family sanctions. Child care is unaffected. A total of \$50.5 million in new state funds is provided to balance the remaining shortfall and an additional \$0.7 million is provided due to a delay in implementation of full family sanctions until March 1, 2007.

#### **LIMITED ENGLISH PROFICIENT (LEP) PATHWAY - \$1.5 MILLION GENERAL FUND-STATE**

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

# FUNCTIONAL AREAS OF GOVERNMENT

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## DEPARTMENT OF LABOR AND INDUSTRIES

### **CRIME VICTIMS COMPENSATION - \$2.0 MILLION PUBLIC SAFETY AND EDUCATION ACCOUNT-STATE**

Funding is provided for three aspects of the Crime Victims Compensation program. First, the budget restores the program's reimbursement rates for mental health care to worker's compensation rates beginning in fiscal year 2007. Second, funding is provided for implementation of House Bill 2612, which expands eligibility for crime victim compensation to victims of vehicular crimes resulting from failure to secure a load. Finally, by statute, the Crime Victims Compensation Program's rates for inpatient hospitalization cannot be lower than those paid by the Department of Social and Health Services. The rates for the Medicaid program were increased in the 2005-07 Biennium.

### **ELECTRICAL INSPECTIONS - \$0.9 MILLION ELECTRICAL LICENSE ACCOUNT-STATE**

Since Fiscal Year 2001, the number of electrical inspections requested per day has increased by 36 percent. Funding is provided for the department to hire 8 additional electrical inspectors to complete the majority of inspection requests within 24 hours.

### **CHOLINESTERASE MONITORING - \$1.6 MILLION ACCIDENT ACCOUNT-STATE**

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

## VETERANS AFFAIRS

### **VETERANS INNOVATIONS PROGRAM - \$2.0 MILLION GENERAL FUND-STATE**

In accordance with Substitute House Bill 2754, funding is provided for cash assistance to veterans returning from Iraq and Afghanistan, and for grants to locally-proposed innovative service programs.

### **SERVICES FOR RETURNING IRAQ AND AFGHANISTAN VETERANS - \$0.5 MILLION GENERAL FUND-STATE**

The state Department of Veterans Affairs will organize 28 additional Family Activity Days through which local veterans groups will inform returning veterans and their families of federal and state benefits and services for which they may be eligible. Funding is also provided for local veteran service organizations to assist an estimated 1,500 additional veterans with federal benefit claims and for post-traumatic stress disorder treatment for approximately 130 new returnees.

## CRIMINAL JUSTICE/PUBLIC SAFETY

## DEPARTMENT OF CORRECTIONS

### **SEX OFFENDER LEGISLATION - \$1.6 MILLION GENERAL FUND-STATE**

Funding is provided for increased prison costs and the requirement of community custody for those who fail to register, in accordance with recently passed legislation.

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- ***Increased Penalties for Failing to Register*** – Second Substitute Senate Bill 6319 clarifies the definition of the crime of Failure to Register. It also raises the penalty for Failure to Register to require prison time as opposed to a short sentence in jail. By raising the crime to a ranked felony, Failure to Register will now count toward an offender's criminal history. The bill also requires the court to order a term of community custody of up to 48 months for offenders who fail to register.
- ***Increased Penalties for Possession of Child Pornography*** – Second Substitute Senate Bill 6172 raises the penalties for possession of child pornography by raising the crime of Possession of Depictions of a Minor Engaged in Sexually Explicit Conduct from an unranked Class C felony to a Level VI Class B Felony. It also makes possession of child pornography a registerable sex offense and raises the penalty for Voyeurism. In addition, the crime of Communication with a Minor for Immoral Purposes is expanded to include electronic communication.
- ***Increased Penalties for Crimes Committed with Sexual Motivation*** – Second Substitute Senate Bill 6460 creates statutory enhancements for all crimes committed with sexual motivation. Specifically, for felony crimes the enhancement is 24 months for Class A felonies, 18 months for Class B felonies, and 12 months for Class C felonies. The enhancement is doubled on the second offense of a crime with sexual motivation.

**OFFENDER MANAGEMENT NETWORK (OMNI) – \$5.7 MILLION GENERAL FUND-STATE**  
Funding is provided for the final phase of the construction and implementation of the Offender Management Network Information system (OMNI), which replaces the existing 20-year old Offender Based Tracking System (OBTS). The legislature provided the Department with \$11.3 million for Fiscal Year 2006. Due to project delays, \$6.0 million was transferred over to Fiscal Year 2007. A total of \$5.7 million in new funds is provided for Fiscal Year 2007 to complete the project.

## CRIMINAL JUSTICE TRAINING COMMISSION

### **ADDITIONAL ACADEMIES - \$0.9 MILLION PUBLIC SAFETY AND EDUCATION ACCOUNT-STATE**

One-time funding is provided for the Criminal Justice Training Commission (CJTC) to run additional Basic Law Enforcement Academies (BLEA) during Fiscal Year 2006 and Fiscal Year 2007. With this funding the CJTC will conduct a survey of local law enforcement and state agencies and collect data needed to project future cadet enrollments for the 2007-07 biennium. The CJTC will report back to the Legislature by October 1, 2006.

### **VICTIM INFORMATION AND NOTIFICATION SYSTEM - \$0.4 MILLION OTHER FUNDS**

Funding is provided to the Washington Association of Sheriffs and Police Chiefs to develop and implement a victim information and notification system. It is anticipated that any additional funds needed to operate the system will be provided through a federal grant.

# FUNCTIONAL AREAS OF GOVERNMENT

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## INDETERMINATE SENTENCE REVIEW BOARD

### **STRENGTHENING THE REVIEW BOARD - 0.3 MILLION GENERAL FUND-STATE**

In accordance with Engrossed House Bill 3261, funding is provided to add two additional members to the Indeterminate Sentence Review Board, a data and technology manager, and a hearings examiner to support increased workload of the board. The legislation directs the Board to provide opportunities for victims to testify when the Board conducts review hearings for possible release of sex offenders with indeterminate sentences.

## JUDICIAL AGENCIES

### OFFICE OF THE ADMINISTRATOR FOR THE COURTS

#### **JUROR PAY AND RESEARCH PROJECT - \$0.6 MILLION GENERAL FUND-STATE**

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

### OFFICE OF CIVIL LEGAL AID

#### **CIVIL LEGAL AID FOR DOMESTIC VIOLENCE VICTIMS - \$0.6 MILLION GENERAL FUND-STATE**

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

### OFFICE OF PUBLIC DEFENSE

#### **PARENTAL DEPENDENCY AND TERMINATION - \$4.5 MILLION GENERAL FUND-STATE**

Funding is increased for indigent parent representation in dependency and termination cases. Last year the program received funding to provide assistance to thirty percent of counties in Washington.

#### **INDIGENT CRIMINAL DEFENSE - \$3.0 MILLION GENERAL FUND-STATE**

Funding is provided to improve criminal indigent defense services at the trial level.

#### **PUBLIC DEFENDER TRAINING - \$0.4 MILLION GENERAL FUND-STATE**

Funding is provided for public defender training through the Washington Defender Association.

# FUNCTIONAL AREAS OF GOVERNMENT

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## NATURAL RESOURCES

### DEPARTMENT OF AGRICULTURE

**ALTERNATIVE ENERGY AND JOB DEVELOPMENT- \$23.0 MILLION GENERAL FUND-STATE**  
Funding is provided to establish a bioenergy assistance program within the Department of Agriculture to reduce the state's dependence on foreign energy and increase the use of agricultural products as a source of energy to supplement or supplant petroleum-based fuels. Also, one-time funding is provided to develop alternative energy production projects in communities adversely affected by major job reductions in the forest and paper products industry.

**WEIGHTS AND MEASURES INSPECTIONS - \$0.3 MILLION GENERAL FUND-STATE; \$0.2 MILLION OTHER FUNDS**

Funding is provided to implement House Bill 2559 and to increase the annual registration fee for all categories of commercial weighing, measuring, and counting devices. The state inspection average for each device will increase to not more than every two years. Additionally, one-time funding is provided to purchase equipment.

**SURFACE WATER MONITORING - \$0.1 MILLION STATE TOXICS CONTROL ACCOUNT**

Funding is provided for an additional watershed monitoring site in the Wenatchee area to measure pesticide levels in rivers and streams. Monitoring this additional site will provide data for federal assessments of a pesticide's potential risk to salmon.

### DEPARTMENT OF ECOLOGY

**PUGET SOUND/HOOD CANAL CLEAN-UP - \$3.2 MILLION STATE TOXICS CONTROL ACCOUNT AND OTHER FUNDS**

The following items are funded for Puget Sound Clean-up:

- \$0.7 million to prioritize and cleanup the 115 known contaminated sites that lie adjacent to and within one-half mile of Puget Sound. (State Toxics Control Account)
- \$0.8 million to implement a state oil transfer inspection program that will inspect at least 35 percent of the more than 9,600 oil transfer operations performed each year. (Oil Spill Prevention Account-State)
- \$0.6 million to enhance Puget Sound, as well as coordinate source control and cleanup of state-owned aquatic lands and adjacent uplands around Puget Sound. (State Toxics Control Account)
- \$0.5 million to meet the intent of the 50/50 cost share agreement with the U.S. Army Corps of Engineers to analyze large-scale restoration actions required to protect and restore the Puget Sound ecosystem (General Fund-State)
- \$0.3 million for study of nitrogen loading in Hood Canal, including funding for an oral histories course of Hood Canal. (Water Quality Permit Account-State)

# FUNCTIONAL AREAS OF GOVERNMENT

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- \$0.2 million for two additional spill responders to be located in the northwest region to implement early response tactics and address the high potential for hazardous material releases from transportation, oil refining activities, and pipelines in areas in and adjacent to Puget Sound. (States Toxics Control Account)

## **HANFORD CLEANUP PRIORITY ACT - \$2.9 MILLION STATE TOXICS CONTROL ACCOUNT**

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

## **COLUMBIA RIVER BASIN - \$2.0 MILLION GENERAL FUND-STATE**

Funding is provided to the Department to implement Engrossed Second Substitute House Bill 2860 requiring studies, data collection, and inventories on water issues in the Columbia River basin. In addition, \$200 million over ten years (capital budget) is provided to implement legislation creating the Columbia River Basin Water Supply Development program.

## **WETLANDS CLASSIFICATION - \$0.3 MILLION GENERAL FUND-STATE**

One-time funding is provided to develop a process to solicit public and landowner input when property is proposed to be classified as wetlands; assist property owners in identifying the presence, extent or delineation of wetlands, and any related permits and regulations that may apply to the property in questions; and facilitate early resolution of potential disputes between property owners and governmental agencies on wetlands issues.

## **COVERED ELECTRONIC PRODUCTS - \$0.5 MILLION ELECTRONIC PRODUCTS RECYCLING ACCOUNT-NON-APPROPRIATED**

Funding is provided to implement Engrossed Substitute Senate Bill 6428, which requires the Department to create a collection, transportation, and recycling system for covered electronic products. Manufacturers will establish and pay for the system.

## **DEPARTMENT OF FISH AND WILDLIFE**

### **HABITAT CONSERVATION PLANNING - \$0.7 MILLION GENERAL FUND-FEDERAL**

Funding is provided to initiate a comprehensive review of the hydraulic project approval permit rules and to undergo a public process for adoption of new or revised rules.

### **INCREASE FISH PRODUCTION - \$0.5 MILLION GENERAL FUND-STATE**

Funding is provided to increase fish production levels at state-operated fish hatcheries. The Department is required to submit a report to the legislature documenting the increased production levels by July 31, 2007.

# FUNCTIONAL AREAS OF GOVERNMENT

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**SALMON MARKING AND RESEARCH - \$0.2 MILLION PUGET SOUND RECREATIONAL FISHERIES ENHANCEMENT ACCOUNT-STATE; \$5.4 MILLION GENERAL FUND-FEDERAL**  
Appropriation authority is provided to mass mark federally-funded hatchery Chinook salmon in order to meet the requirements of the Endangered Species Act and to research the impacts that contaminants have on resident Chinook and various groundfish.

## DEPARTMENT OF NATURAL RESOURCES

**SURFACE MINING PROGRAM - \$1.0 MILLION SURFACE MINING RECLAMATION ACCOUNT-STATE**

Funding is provided to implement Second Substitute Senate Bill 6175, which authorizes the Department to collect surface mining and reclamation permit fees to cover program costs.

**GEOLOGIC HAZARDS PROGRAM - \$0.7 MILLION GENERAL FUND-STATE**

Funding is provided to conduct and maintain an assessment of the volcanic, seismic, landslide, and tsunami hazards in Washington.

## STATE PARKS & RECREATION

**ELIMINATION OF DAY USE FEES - \$3.1 MILLION GENERAL FUND-STATE**

Funding is provided to fully mitigate the impact of discontinuing the collection of state parks' parking fees, less half the cost for the Department to collect fees.

**WASHINGTON STATE BIRDING TRAIL - \$ 0.1 MILLION GENERAL FUND-STATE**

One-time funding is provided for the Olympic Loop of the Great Washington State Birding Trail. The Department of Community, Trade, and Economic Development, in partnership with the Washington Department of Fish and Wildlife, the Washington State Department of Transportation, the State Parks Commission, and Audubon Washington, will create a statewide trail network to attract nature tourists to Washington state.

## WASHINGTON STATE HISTORICAL SOCIETY

**LEWIS AND CLARK STATION CAMP - \$0.5 MILLION GENERAL FUND-STATE**

Funding is provided for increased costs associated with the discovery of Native American remains at the Station Camp Unit in Lewis and Clark Historic Park.

## ALL OTHERS

## COMMUNITY, TRADE AND ECONOMIC DEVELOPMENT

### COMMUNITY SERVICES

**SUPPORT FOR VICTIMS OF CRIME - \$2.8 MILLION GENERAL FUND-STATE**

Funding is provided for a variety of programs that assist crime victims and prevent future

# FUNCTIONAL AREAS OF GOVERNMENT

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crimes, including:

- One-time funding to the Office of Victims Assistance to provide statewide services for sexual assault victims (\$2 million General Fund-State).
- One-time funding to backfill cuts in federal funds for domestic violence legal advocacy (\$0.5 million).
- One-time funding for the King County Sexual Assault Resource Center for a Spanish-speaking therapist, parent/child victim education, and prevention programs. (\$0.2 million General Fund-State).
- Funding for a human trafficking task force, assuming passage of Substitute Senate Bill 6652 (\$0.1 million General Fund-State).

## **SUSTAIN JUVENILE DRUG COURT FUNDING - \$0.2 MILLION GENERAL FUND-STATE**

One-time funding is provided to assist the Benton-Franklin Juvenile Drug Court in continuing its programming. Federal funds previously used to fund the program have been exhausted. The counties will provide an equivalent match to the state amount to continue the program.

## **ENHANCE COMMUNITY SERVICES BLOCK GRANT - \$1.0 MILLION GENERAL FUND-STATE**

Funds are provided to supplement federal funding that assists community action agencies around the state. Federal funding in recent years has been reduced.

## **PACIFIC-ALGONA SENIOR CENTER - \$0.02 GENERAL FUND-STATE**

One-time funding is provided to the Pacific-Algona Senior Center, a nonprofit food assistance program serving low-income senior citizens.

## **COURT APPOINTED SPECIAL ADVOCATES - \$0.1 MILLION GENERAL FUND-STATE**

Funding is provided to increase the support provided for coordination and training for Dependency Court Appointed Special Advocate (CASA) programs. These programs serve abused and neglected children throughout the state.

## **ECONOMIC DEVELOPMENT & CULTURAL RESOURCES**

### **IMPROVE FACILITIES FOR MINOR LEAGUE BASEBALL - \$7.0 MILLION GENERAL FUND-STATE**

One-time funding is provided to minor league baseball facility owners for restoration and repair of the following facilities: the Tacoma Rainiers (\$2.5 million); the Spokane Indians (\$2.0 million); the Tri-Cities Dust Devils (\$1.0 million); the Yakima Bears (\$0.8 million); and the Everett AquaSox (\$0.8 million).

### **EMPLOYMENT RESOURCE CENTER - \$1.6 MILLION GENERAL FUND-STATE**

Funding is provided for lease costs associated with the Employment Resource Center required by the Master Site Agreement negotiated in 2003 as part of the statewide aerospace industry strategy.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **ADDITIONAL ECONOMIC DEVELOPMENT AND TRADE PROJECTS - \$1 MILLION GENERAL FUND-STATE**

Funding is provided for a variety of programs to support economic development and trade, assuming passage of the necessary legislation:

- Trade Corps Fellowship Program - \$265,000 to implement Substitute Senate Bill 6330 to enhance the work of Washington's trade offices.
- Economic Development Grants Assistance - \$140,000 to implement grant search and grant writing assistance to local entities under Engrossed Senate Bill 5330.
- Main Streets Revitalization - \$183,000 to help implement the new commercial district tax credit incentive program created by 2005 legislation.
- Aerospace Industry Outreach - \$157,000 to oversee completion of the Master Site Agreement in implementation of a statewide aerospace industry strategy.
- International Trade Alliance - \$100,000 for the Spokane region to partner with other regional governments to strengthen and diversify the regional economy.
- Northwest Agriculture Incubator – \$50,000 in additional funding.
- Pacific Northwest Economic Region -\$50,000 for matching funds to use in the development and operation of a regional tourism initiative.

## **ADDITIONAL CULTURAL PROJECTS - \$0.4 MILLION GENERAL FUND-STATE**

One-time funding is provided for cultural projects that provide cultural opportunities for its residents and boost tourism to Washington State:

- Dead Sea Scrolls - \$250,000 to assist with the exhibition at the Pacific Science Center in September, 2006.
- United States Figure Skating Championships - \$100,000 for marketing to bring the 2007 event to Spokane, with additional funding to be provided if Spokane is chosen as the designated host.
- Korean Cultural Festival - \$25,000 for the second annual Northwest Korean Sports and Cultural Festival to be held in Federal Way.
- International Music Festival - \$5,000 to assist with the festival in Tacoma.

## **OTHER**

### **TRIBAL FOREST AND FISH - \$2.5 MILLION GENERAL FUND-STATE**

Funding is provided to allow tribes to participate in forest and fish processes as they relate to the Forest and Fish Report.

### **OUTDOOR RECREATION PROJECTS - \$1.5 MILLION GENERAL FUND-STATE**

One-time funding is provided for the Department of Community, Trade and Economic Development to enter into funding agreements with the Mountains to Sound Greenway Trust to improve recreation facilities and access.

# FUNCTIONAL AREAS OF GOVERNMENT

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## DEPARTMENT OF PERSONNEL

### **HUMAN RESOURCE MANAGEMENT SYSTEM - \$13.8 MILLION DATA PROCESSING REVOLVING FUND**

A total of \$7.4 million is provided for the Department of Personnel (DOP) to cover the costs associated with delays in the development of the new Human Resource Management System (HRMS). The HRMS project was delayed by four months as staff resources were diverted to make modifications to the existing PAY1 payroll system. The budget also provides an additional \$6.4 million to cover HRMS development cost increases resulting from the signing by DOP and its vendors of a new contract with project scope and schedule revisions.

## OFFICE OF THE INSURANCE COMMISSIONER

### **INSURANCE FRAUD - \$0.7 MILLION INSURANCE COMMISSIONER'S REGULATORY ACCOUNT**

New funding is provided to establish an Antifraud Unit within the Office of the Insurance Commissioner to combat the increasing incidence of organized insurance fraud.

## SECRETARY OF STATE

**STATEWIDE VOTER REGISTRATION DATABASE- \$6.0 ELECTION ACCOUNT-FEDERAL**  
Funding is provided under the federal Help America Vote Act (HAVA) to the Secretary of State to complete the statewide voter registration database.

## SPECIAL APPROPRIATIONS TO THE GOVERNOR

**INTEROPERABLE COMMUNICATIONS - \$0.5 MILLION GENERAL FUND-STATE**  
Funding is provided for distribution to local jurisdictions for the purchase of interoperable communications technology to assist communications across agencies and jurisdictions in case of a disaster.

### **ECONOMIC DEVELOPMENT STRATEGIC RESERVE - \$4.0 MILLION ECONOMIC DEVELOPMENT STRATEGIC RESERVE ACCOUNT**

Funding is provided from the Economic Development Strategic Reserve Account to implement Second Substitute Senate Bill 5370 (chapter 427, Laws of 2005). The Governor, upon recommendation of the director of the Department of Community, Trade and Economic Development and the Economic Development Commission, may authorize the use of the funds to recruit businesses, support public infrastructure, and provide technical assistance to prevent business closure or relocation outside the state.

# FUNCTIONAL AREAS OF GOVERNMENT

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## WASHINGTON STATE MILITARY DEPARTMENT

### **HOMELAND SECURITY FUNDING - \$46.0 MILLION GENERAL FUND-FEDERAL**

Funding is allocated for \$46 million in federal funding for homeland security purposes to be distributed to local jurisdictions and state agencies for exercises, equipment, training, and response.

### **EMERGENCY MANAGEMENT, PREPAREDNESS, AND ASSISTANCE - \$2.0 MILLION GENERAL FUND-STATE AND OTHER FUNDS**

Funding is provided to enhance emergency management in Washington State. First, \$1.6 million is provided for competitive grants to regional agencies, local governments, tribal governments, regional incident management teams, and private organizations. The grants shall be distributed on a competitive basis and awarded for one or more of the following purposes: development and coordination of emergency management plans; training of elected and appointed officials on disaster response; administration of joint emergency management exercises; and implementation of projects to strengthen emergency response, mitigation, preparation, and coordination. Second, \$0.4 million is provided to the Military Department to administer the competitive grants, and for implementation of activities to strengthen emergency response. Additionally, the Military Department will study the feasibility of having disaster medical assistance teams and urban search and rescue teams available within the state to be deployed by the governor. The Military Department will report the findings and recommendations to the Legislature by December 1, 2006.

### **WASHINGTON INFORMATION NETWORK 2-1-1 - \$2.5 MILLION GENERAL FUND-STATE**

Funding is provided for the Emergency Management Division to contract with the Washington Information Network 2-1-1 in Fiscal Year 2007 for operation of a 2-1-1 statewide system. The 2-1-1 system is designed to be a centralized contact point residents can use for referral to a variety of local and state health and social services.

### **TSUNAMI WARNING RADIOS - \$1.0 MILLION GENERAL FUND-STATE**

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

### **EXPOSURE TO DEPLETED URANIUM - \$0.2 MILLION GENERAL FUND-STATE**

Funding is provided for the Department to study the scope and adequacy of training on exposure to depleted uranium received by Washington state members of the National Guard serving during the first Gulf War or recently in Iraq and Afghanistan. The Department will report to the Legislature by October 1, 2006. The Senate budget also includes funding for the Department to lead a task force to initiate a health registry, develop an outreach plan for affected military personnel, and prepare a report and recommendations regarding potential exposure to depleted uranium. The task force will include the Secretary of the Department of Health, the Adjutant General, the Director of Veterans Affairs, six legislative members, and 6 additional members.

# FUNCTIONAL AREAS OF GOVERNMENT

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## OTHER

### TARGETING FRAUD - \$3.3 MILLION OTHER STATE FUNDS

The budget provides the following funding to various agencies throughout the state to target fraud:

- \$0.3 Million to the State Board of Accountancy for investigation of potential certified public accounting misconduct cases. (Certified Public Accountants' Account-State)
- \$1.2 Million to the Department of Labor and Industries to implement additional fraud detecting technology known as the Employer Audit Technology and Referral System by July of 2007. The new system will allow for automation of several auditing tasks currently performed manually. The cost to build and implement the new system will be recovered in the first year of its use (Fiscal Year 2008) and will produce ongoing benefits. One-time costs are \$662,000. (Accident Account-State, Medical Aid Account-State)
- \$1.2 Million to enhance fraud detection within the unemployment insurance system of the Department of Employment Security. A new fraud detection unit is created that will identify, prosecute, and collect from people who file inaccurate or fraudulent unemployment claims that result in overpayments. The Department will also pursue employers who do not pay their unemployment insurance taxes. It is anticipated this investment will generate approximately \$14.2 million in revenue during Fiscal Year 2007. (Administrative Contingency Account-State)

# COMPENSATION

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## STATE EMPLOYEE COMPENSATION

### **\$1,000 MINIMUM MONTHLY BENEFIT FOR PLAN 1 RETIREES - \$0.5 MILLION GENERAL FUND-STATE, \$0.2 MILLION OTHER FUNDS**

Funding is provided to extend eligibility for the alternative minimum benefit in the Public Employees' Retirement System Plan 1 (PERS 1) and the Teachers' Retirement System Plan 1 (TRS 1) to members who have at least 20 years of service and who have been retired for at least 25 years. In addition, an annual increase of 3 percent is added to this \$1,000 minimum benefit.

### **PENSION CONTRIBUTIONS - \$60.9 MILLION TOTAL**

Funding is provided for new employer contributions towards the unfunded accrued actuarial liabilities in the Public Employees' Retirement System (PERS) Plan 1 and the Teachers' Retirement System (TRS) Plan 1. Unfunded liability contributions begin on September 1, 2006, in TRS and the School Employees' Retirement System (SERS), and on January 1, 2007, in PERS and the Public Safety Employees' Retirement System (PSERS). Contribution rates will be 1.77 percent in PERS, 1.29 percent in TRS, 0.87 percent in SERS, and 1.77 percent in PSERS. State employer contributions that would normally be made from the General Fund-State are made from the new Pension Funding Stabilization Account instead. State and local government employer contributions towards the unfunded liabilities will continue to increase through the 2007-09 fiscal biennium as part of a three-year phase-in of contribution rates.

## HIGHER EDUCATION COMPENSATION

### **I-732 COLA - \$3.0 MILLION GENERAL FUND-STATE, \$0.3 OTHER FUNDS**

Funding is provided to implement the cost-of-living increases as specified by Initiative 732.

### **COMMUNITY AND TECHNICAL COLLEGE FACULTY INCREMENTS- \$1.5 MILLION GENERAL FUND-STATE**

Funding is provided for additional faculty increments at the community and technical colleges. The amount provided shall be allocated proportionally to part-time and full-time faculty based on their respective salary bases.

### **COMMUNITY AND TECHNICAL COLLEGE PART-TIME HEALTH BENEFITS - \$0.8 MILLION GENERAL FUND-STATE**

Funding is provided to maintain health care benefits for part-time academic employees at community and technical colleges, provided the employees establish and maintain an annual average workload pattern of over 50 percent time, as specified in Second Substitute House Bill No. 2583 (Community and Technical College Employees).

# COMPENSATION

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## **K-12 COMPENSATION**

### **HEALTH BENEFIT CHANGES - \$2.6 MILLION GENERAL FUND-STATE**

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

# FUND TRANSFERS

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## FUND TRANSFERS (Dollars in Thousands)

<b>TYPE</b>	<b>2006</b>	<b>2007</b>	<b>TOTAL</b>
Return Half of PLIA Transfer	-	(\$3,750)	<b>(\$3,750)</b>
Delete Duplicate Transfer from GF to Tourism Development Account	-	\$300	<b>\$300</b>
Push Forward Transfer from Fund 721 PEBB to 001 One Year	(\$5,000)	(\$7,000)	<b>(\$12,000)</b>
Treasurer's Transfer	\$4,000	\$2,000	<b>\$6,000</b>
<b>TOTAL</b>	<b>(\$1,000)</b>	<b>(\$8,450)</b>	<b>(\$9,450)</b>

# REVENUE ADJUSTMENTS

## Legislative Tax Package - 2006 (in thousands)

Bill	Title	05-07 GF-S Revenue Impact
EHB 1069	Tax Preference Audits	\$0
SHB 1510	Non profit Property Tax	\$0
SHB 1523	Conditioning Vegetable Seeds	(\$1,085)
ESHB 1672	Patient Handling	(\$250)
SHB 2033	Municiple B&O Newspapers	\$0
HB 2348	Aluminum Smelters	(\$1,144)
HB 2364	Credit union & state charter	(\$158)
HB 2424	Tax exemption/farm fuel	(\$4,549)
SHB 2457	Farm machinery and equipment	(\$5,829)
HB 2466	Tax relief for aerospace	(\$2,912)
SHB 2569	Property tax deferral interest rates	(\$13)
SHB 2640	Biotech Products and Medical Device	(\$1,394)
HB 2644	Public utility tax credit	(\$3,000)
SHB 2670	Hospital Lift	\$0
HB 2671	Excise tax relief	(\$11,410)
E2SHB 2673	Local infrastructure financing	\$0
SHB 2778	Nonprofit Tourism	(\$200)
2SHB 2799	Solar Hot Water	(\$14)
SHB 2804	Property tax colleges	\$0
HB 2879	Real estate excise tax	\$0
EHB 3159	Food products	(\$2,866)
SHB 3164	Head of Household Property Tax	\$0
SHB 3190	Semiconductor cluster	\$0
ESHB 3222	Dairy Nutrients	(\$41)
HJR 4223	Head of Household Property Tax	\$0
ESB 5048	Tobacco product sampling	(\$42)
SSB 5236	Prevailing wage	\$0
SSB 6141	Wind turbine facilities	\$272
ESSB 6230	Public facilities districts	(\$389)
SB 6280	Nonprofits/property tax	\$0
2SSB 6326	Customized work force	(\$910)
SB 6338	Property tax exemptions	\$0
SB 6368	Nursing home bed tax	\$0
SSB 6369	Small water systems	(\$353)
SSB 6512	Truck stop air quality	(\$35)
SSB 6533	Syrup taxes	(\$2,294)
ESB 6537	Shipment of wine	\$2,800
SSB 6555	Special purpose districts	(\$391)
2SSB 6558	Motion picture industry	(\$3,500)
SSB 6671	Professional employer org	(\$2,147)
SSB 6686	Local sales and use tax	\$0
SSB 6781	Environmental remediation	(\$3,818)
2SSB 6823	Distribution of beer & wine	\$18
SB 6826	Public transit services	(\$483)
SSB 6874	Timber tax incentives	(\$4,630)
<b>Total</b>		<b>(\$50,767)</b>

### Other Bills

SHB 2880	Insurance industry fix	\$51,598
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# CAPITAL BUDGET

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## OVERVIEW

The Capital Supplemental Budget increases bond spending by \$102 million and total spending by \$244 million. Major projects and changes include:

- \$59 million for construction of an added 512 beds at the new prison to be constructed at Coyote Ridge in Connell and added prison capacity for repeat DUI offenders.
- \$57 million to support the clean up of Puget Sound and other toxic and hazardous sites across the state.
- \$23 million to jump start the bio-diesel industry in the state. \$23 million of the General Fund-State is deposited in the energy freedom account in the operating budget.
- \$21 million for low-income housing assistance (\$14 million of the General Fund-State is deposited in the housing trust fund in the operating budget), including funding the following:
  - A portion of the Washington Housing Trust Fund backlog of eligible projects;
  - Energy Matchmakers Program;
  - Vouchers for low-income persons, including homeless persons and victims of domestic violence, and seasonal farm workers;
  - Farm worker housing;
  - Persons with developmental disabilities;
  - Mobile home preservation;
  - Homeless Families Services Fund; and
  - Homebuyer assistance.
- \$10 million for the Columbia River Basin Water Supply Development program.
- \$10 million is authorized to begin construction of the WSU Biotech/Life Sciences building.
- \$9.7 million for six community college projects, including a water system replacement project at Green River Community College, primary power branch replacement at Highline Community College, repairs at the marine academy at Seattle Central Community College, campus fire loop replacement at Skagit Valley Community College, undergraduate education center at Everett Community College, and the science building replacement at Skagit Valley Community College.
- \$7 million for projects to improve juvenile rehabilitation facilities at Echo Glen and Green Hill.
- \$4.5 million to remodel existing space for a nanotechnology lab at the University of Washington.
- \$2.9 million for the second phase of the State Patrol crime lab in Vancouver.

# CAPITAL BUDGET

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## BOND SPENDING

Bond spending increases include:

- \$30 million of state construction bonds authorized in 2005;
- \$30 million in Gardner-Evans Bonds; and
- \$84 million in dedicated bond authority proposed in the 2006 bond bill.

The bond bill authorizes \$59 million for added prison capacity tied to legislation increasing sentences for sex offenders and repeat DUI offenders, \$200 million over ten years tied to legislation creating the Columbia River Basin Water Supply Development program, and \$14 million for clean up of Puget Sound and Hood Canal.