



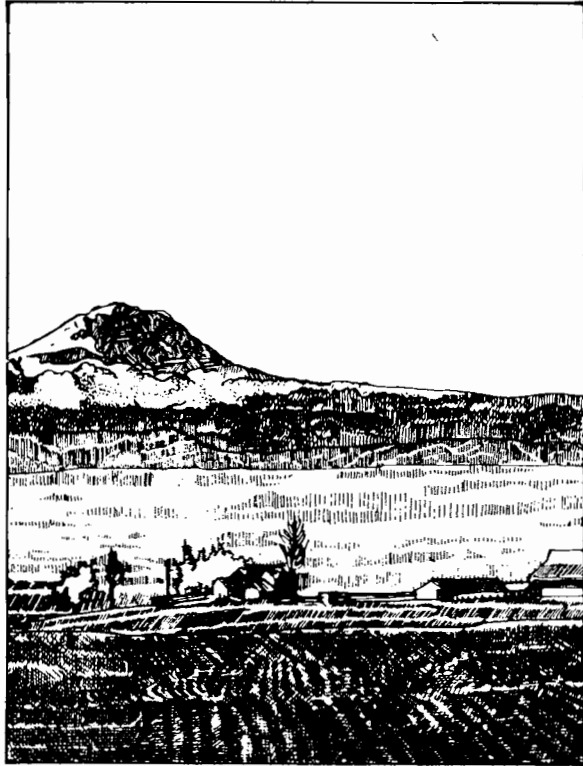
# **1981**

## **FINAL LEGISLATIVE REPORT**

**Forty-Seventh  
Legislature of  
Washington State**

**Second Special Session**

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**THE LEGISLATIVE BILL ROOM**

Legislative Building  
Olympia, Washington 98504  
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**For more detailed information regarding this legislation, contact:**

**The House Office of Program Research**

205 House Office Building  
Olympia, Washington 98504  
(206) 753-0520

**The Senate Committee Research and Legal Services Division**

101 Senate Office Building  
Olympia, Washington 98504  
(206) 753-6826

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# WASHINGTON STATE LEGISLATURE

Senate • House of Representatives • Legislative Building • Olympia, Washington 98504

December 7, 1981

TO: Lieutenant Governor John A. Cherberg, and  
Members of the Washington State Legislature

This final edition of the **Legislative Report** is a summary of action taken during the 1981 Second Special Session of the 47th Legislature. It provides brief descriptions of legislation which passed the Legislature and a record of gubernatorial action.

This report is organized into three major sections, preceded by a topical index:

Reports on legislation which passed the Legislature;  
Gubernatorial veto messages; and  
Budget highlights.

Additional information on bills is available from the House Office of Program Research or the Senate Committee Research and Legal Services Division.

Sincerely,

William M. Polk  
Speaker of the  
House of Representatives

Jeannette Hayner  
Senate Majority  
Leader



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# Statistical Summary<sup>1</sup>

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## 47<sup>TH</sup> LEGISLATURE 1981 SECOND SPECIAL SESSION

	Bills Before Legislature		Fully Vetoed	Partially Vetoed	Enacted <sup>3</sup>
	Introduced	Passed <sup>2</sup>			
House	74	12	0	2	12
Senate	96	1	1	0	0
LEGISLATURE	<b>170</b>	<b>13</b>	<b>1</b>	<b>2</b>	<b>12</b>

### Joint Memorials, Joint Resolutions and Concurrent Resolutions Before the Legislature

	Introduced	Filed with
		Secretary of State
House	1	0
Senate	6	0
LEGISLATURE	<b>7</b>	<b>0</b>

1 – Based on Code Reviser’s LIS data.

2 – Includes seven bills introduced in 1981 Regular Session.

Includes 42 bills originally introduced as House Proposed Measures.

Five other House Proposed Measures were not introduced as bills, memorials or resolutions.

3 – Includes one bill introduced in 1981 Regular Session.



# **TOPICAL INDEX**

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## TOPICAL INDEX

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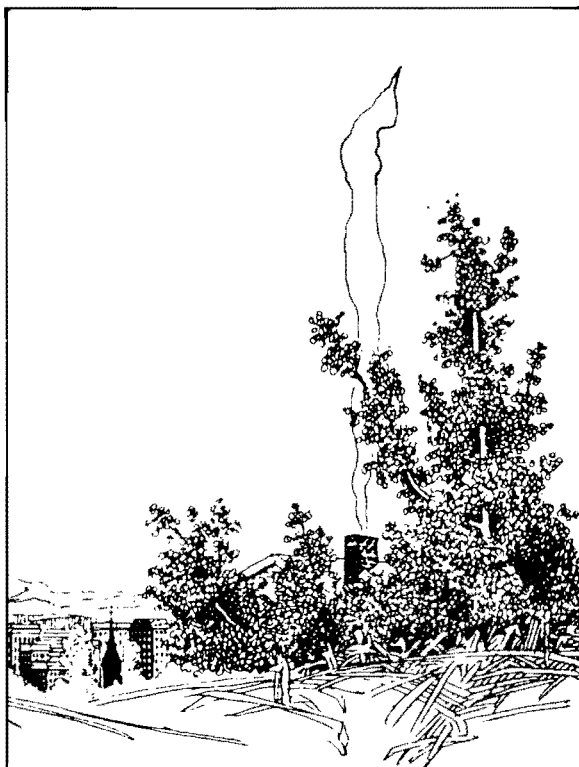
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# LEGISLATION



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**SHB 485**

C 9 L 81 E2

**BRIEF TITLE:** Terminating pollution control exemptions and credits.

**SPONSORS:** House Committee on Revenue  
(Originally Sponsored By House Committee on Revenue and Representatives Chandler, Isaacson, Sommers, Greengo, Rinehart, Burns, Rust and Nelson (D.))

**HOUSE COMMITTEE:** Ways and Means - Revenue

**SENATE COMMITTEE:** Ways and Means

**BACKGROUND:**

In 1967, the Legislature established a tax exemption and credit program for expenditures made by private firms to meet government mandated air and water pollution control standards. Under this program, an exemption was given for sales taxes on costs of acquiring qualifying pollution control facilities. In addition, firms were allowed a credit of up to 50 percent of pollution control investment costs against their B&O, public utility, or use tax liabilities. A maximum credit of 2 percent per year could be taken.

**SUMMARY:**

The pollution control tax exemption and credit program is abolished effective November 30, 1981. Only projects for which applications are made before that date and projects that previously have qualified for tax exemptions and credits will be eligible to receive tax exemptions or credits in the future.

**VOTES ON FINAL PASSAGE:**

House	83	14	
Senate	44	4	(Senate amended)
House			(House refused to concur)
Senate	48	0	(Senate receded)

**EFFECTIVE:** December 21, 1981

**2SHB 557****PARTIAL VETO**

C 3 L 81 E2

**BRIEF TITLE:** Prohibiting transfer of assets for the purpose of qualifying for medical assistance benefits.

**SPONSORS:** House Committee on Human Services  
(Originally Sponsored by Representatives Mitchell, Sommers, Nisbet, Becker, Chandler, Dickie, Padden, Kreidler, Bickham, Vander Stoep, Patrick, Williams, Hankins, Owen, Fancher, Scott, Brekke, Stratton, Nickell, Rosbach, Nelson (G.), Valle, Chamberlain, Lundquist, Eberle, Martinis, Granlund, Isaacson, McCormick, Van Dyken, Hastings, Johnson, Heck, Amen, Gruger, Tilly, Bond, Struthers, James, Addison, Houchen, Clayton, Winsley, Barr and Ellis)

**HOUSE COMMITTEE:** Human Services

**SENATE COMMITTEE:** Social and Health Services

**BACKGROUND:**

During the 1981 Regular Session, a law was enacted permitting the Department of Social and Health Services to prohibit medical assistance from being provided to individuals who voluntarily transfer property or cash for the purpose of qualifying for such assistance. The department lacked the authority to assess penalties to individuals who transfer property for such purpose.

**SUMMARY:**

A person is ineligible for medical assistance or the limited casualty program for a specified period if the Department of Social and Health Services proves by a preponderance of the evidence that the person knowingly and wilfully transferred assets at less than fair market value after the effective date of this act to qualify for such assistance. If such person is the prevailing party, they shall be awarded reasonable attorney fees. The maximum period for ineligibility is four years.

A person who knowingly and wilfully receives cash or resources transferred at less than fair market value after the effective date of this act is subject to criminal and civil penalties. Any penalties collected shall be used to reimburse DSHS for services rendered to the Medicaid recipient.

Medical assistance may be provided to individuals who are eligible for but choose not to receive cash assistance and to pregnant women who would be eligible for Aid to Families with Dependent Children if the child had been born and was living with the mother during the month of payment, and the pregnancy has been medically verified.

New Rule Making Authority: The Department of Social and Health Services must establish rules allowing applicants to rebut a finding that the transfer of assets was made for the purpose of qualifying or continuing to qualify for the above programs.

VOTES ON FINAL PASSAGE:

House	96	0	
Senate	45	1	(Senate amended)
House	97	1	(House concurred)

EFFECTIVE: December 1, 1981

PARTIAL VETO SUMMARY:

The Governor vetoed a subsection establishing a special revolving fund into which the penalties collected would have been deposited. (See VETO MESSAGE)

**2SHB 756**

C 10 L 81 E2

BRIEF TITLE: Modifying provisions relating to public assistance.

SPONSORS: House Committee on Appropriations-Human Services  
(Originally Sponsored by House Committee on Human Services and Representative Mitchell)  
(By Department of Social and Health Services Request)

HOUSE COMMITTEE: Appropriations-Human Services

SENATE COMMITTEE: Ways and Means

BACKGROUND:

Recent changes in the federal Omnibus Reconciliation Act affected the aid to families with dependent children (AFDC) program. As a result, state law did not conform to federal law. Failure to conform could have resulted in the loss of federal matching funds for the AFDC program. State law failed to conform in the following ways: State law provided public assistance to strikers. There was no specified limit on gross income in consideration for eligibility. Resources and earned income exemptions that an applicant for AFDC could retain and still be eligible for public assistance were higher than permitted for federal aid assistance.

The standards of need were based on the United States Department of Agriculture thrifty food plan adjusted for the state of Washington.

Eligibility for public assistance was not affected by an applicant obtaining food stamps.

Children over the age of 18 were not eligible for AFDC.

Persons eligible for cash assistance had to take a cash grant in order to receive full medical care.

SUMMARY:

The following changes are made in order to conform to changes in the federal AFDC law: Public assistance is prohibited to strikers, eligibility is limited to 150 percent of need standards, and resources and earned income exemptions are limited.

The Department of Social and Health Services shall establish new standards of need for public assistance programs and may consider food stamps, and/or rent or housing subsidies in determining eligibility and assistance.

Children over 18 and under 19 years of age who are full-time students are eligible for AFDC.

Persons who are eligible for cash assistance may choose not to receive a cash payment and still receive medical assistance. Medicaid coverage is continued for pregnant women without children.

VOTES ON FINAL PASSAGE:

House	63	33	
Senate	25	24	(Senate amended)
House			(House refused to concur)
Senate			(Senate refused to recede)
House	60	37	(House concurred)

EFFECTIVE: December 21, 1981

**SHB 760**

C 11 L 81 E2

BRIEF TITLE: Modifying provisions relating to nursing homes.

SPONSORS: House Committee on Appropriations-Human Services  
(Originally Sponsored by House Committee on Appropriations-Human Services and Representative Mitchell)  
(By Department of Social and Health Services Request)

HOUSE COMMITTEE: Appropriations-Human Services

## SENATE COMMITTEE: Social and Health Services

## BACKGROUND:

A certain degree of deregulation of nursing homes was necessary to reduce expenditures but still ensure that requirements were sufficient to protect public health and safety and to comply with minimum federal requirements.

## SUMMARY:

A federal supremacy provision is included in order to comply with federal requirements which the state must meet for the allocation of federal funds.

The Department of Social and Health Services is given authority to establish nursing home license fees which will replace the statutory license fees. Nursing homes must meet applicable laws, codes and standards of practice for health and safety. The license period is changed from twelve months to a maximum of thirty-six months.

One inspection is required prior to license renewal. In the event of noncompliance, the Department must provide reasons for noncompliance, recommend corrective procedures and establish penalties for noncompliance. The Department must revise night and weekend surveys to a periodic basis to conform to the license period.

The Department must evaluate the resident's plan of care and classify the resident within 30 days of admission. Thereafter, the plan must be reviewed annually or when the classification is changed. No modification of the resident's classification shall be approved until the Department has reviewed the resident's plan of care.

The Department is authorized to purchase care in intermediate care facilities for the mentally retarded. The developmentally disabled resident shall be classified under a separate system.

Rate and reimbursement changes include accelerated recovery of 1980 overpayments with an interest penalty provision for late payment and the right of offset to current reimbursement payments. However, the rights of contractors shall not be prejudiced regarding audit adjustments and/or revised settlements. The patient care cost center rate for fiscal year 1982 shall be at the January 1, 1981 rate as adjusted for inflation. Rate setting for fiscal year 1983 is adjusted to

include a redistribution pool of the overpayments to contractors for 1981 less \$1 million. This will provide an adjustment to those contractors underfunded in the patient cost care center rate based on 1981 cost review. It also provides adjustments to those underfunded in the administration and operations wage component. These adjustments shall be limited to a sum no greater than the amount of the redistribution pool.

Patient cost care center enhancement is reduced from \$5 million to \$1,400,000.

Effective July 1, 1982, the average cost of patient care consultation will be used to adjust the patient cost care center reimbursement rate.

For rate setting purposes for fiscal year 1982, wages shall be reimbursed at the January 1, 1981 rate as adjusted for inflation, excluding nursing service personnel, administrators and assistant administrators.

The nursing home assistant certification reimbursement rate per patient day is deleted from the statute.

Effective July 1, 1982 and expiring July 1, 1983, the administration and operations cost center reimbursement rate will be adjusted by the average cost of consultation expense.

Inflation rate adjustments are as follows: 5.0 percent for rates effective July 1, 1981, through December 31, 1981; 4.25 percent for rates effective January 1, 1982, through June 30, 1982; 3.25 percent for rates effective July 1, 1982, through December 31, 1982; and 3.25 percent for rates effective January 1, 1983, through June 30, 1983.

New Rule Making Authority: The Department shall develop rules for reasonable accounting and reimbursement systems for the intermediate care facilities for the mentally retarded subject to review by the Legislature before implementation.

## VOTES ON FINAL PASSAGE:

House	98	0	
Senate	46	2	(Senate amended)
House			(House refused to concur)
Senate	46	1	(Senate receded in part)
House	90	0	(House concurred)

EFFECTIVE: December 21, 1981

**SHB 766**

C 1 L 81 E2

**BRIEF TITLE:** Amending uniform disposition of unclaimed property act.

**SPONSORS:** House Committee on Revenue  
(Originally Sponsored by House Committee on Revenue and Representatives Ellis and Greengo)  
(By Executive Request)

**HOUSE COMMITTEE:** Ways and Means - Revenue

**SENATE COMMITTEE:** Ways and Means

**BACKGROUND:**

In 1955, Washington adopted the Uniform Disposition of Unclaimed Property Act. The uniform act was updated in 1966. Generally, the act covers the disposition of intangible personal property which for one reason or another is presumed to have been "abandoned." Common examples of such property are dormant bank accounts, unclaimed annuities or insurance policy proceeds, unused traveler's checks, and unclaimed contents of safe deposit boxes.

The law establishes presumptive periods of dormancy or inactivity after which the holder of the property must report it as "abandoned." The property is then transferred to the Department of Revenue. The transfer extinguishes liability of the holder to the owner with respect to the property. The owner may at any time recover the property (or cash equivalent if it has been sold) from the state.

**SUMMARY:**

The presumptive periods for abandonment are as follows:

- 1) For demand, savings or matured time deposits held by financial organizations — five years.
- 2) For funds paid for an interest in a financial organization — five years.
- 3) For checks, drafts and certificates of deposit — five years.
- 4) For unclaimed funds held by a life insurance company — five years.
- 5) For deposits and refunds held by a utility — one year.
- 6) For property held by a fiduciary — five years.
- 7) For property held by a public corporation — one year.

**VOTES ON FINAL PASSAGE:**

House	97	0
Senate	45	2

**EFFECTIVE:** November 25, 1981

**SHB 773**

C 4 L 81 E2

**BRIEF TITLE:** Providing methods for the management of state funds.

**SPONSORS:** House Committee on Ways and Means  
(Originally Sponsored By House Committee on Revenue and Representative Greengo)

**HOUSE COMMITTEE:** Ways and Means

**SENATE COMMITTEE:** Ways and Means

**BACKGROUND:**

There are three types of state funds: treasury funds, custody funds, and local funds. (1) Treasury funds include the general fund, the common school construction fund, and others. They require appropriations and are available for managing the state's cash flow requirements. One treasury fund, the general fund, has some individual accounts within it. The balances in these accounts are available to cover the cash flow requirements of the basic general fund without interfund loan authorization. Other treasury funds require interfund loan authorization by the State Finance Committee. (2) Custody funds are kept in the custody of the state treasurer. They usually don't require legislative appropriation and are available for interfund loan. (3) Local funds are outside the treasury. They don't require appropriation and are not available to assist with state cash requirements. In summary, the greatest flexibility is offered by accounts within the general fund because they don't require interfund loan authorization.

The Department of Natural Resources' suspense account is a local fund. Nearly all of the balance in this fund is comprised of the deposits made on timber sales at the time contracts are purchased. The current balance is approximately \$80 million.

The resource management cost account, which is within the general fund, provides moneys for the Department of Natural Resources forestry operations. Up to 25 percent of the gross proceeds from timber sales is deposited in this account.

The treasurer's suspense account and undistributed receipts fund are treasury funds which are currently available through interfund loans.

The local leasehold excise revolving fund and the local sales and use tax revolving fund are custody funds. They are available on an interfund loan basis.

**SUMMARY:**

The balance in the Department of Natural Resources' suspense account is distributed to the trusts without deduction for the resource management cost account. Future deposits made from timber sales would be immediately transferred to the trusts after deduction for the resource management cost account.

A Natural Resources Deposit Fund is created and placed in the custody of the state treasurer. All funds received by the Commissioner and awaiting final disposition are deposited in this fund unless otherwise specified by law.

The following funds are transferred into accounts within the general fund: treasurer's suspense fund, treasurer's undistributed receipts fund, local sales and use tax revolving fund, and the local leasehold excise tax revolving fund.

The Office of Financial Management is designated as the agency responsible for management of the state's cash flow.

**VOTES ON FINAL PASSAGE:**

House 97 0  
Senate 46 0 (Senate amended)  
House 97 0 (House concurred)

**EFFECTIVE:** December 1, 1981

**SHB 774**

C 12 L 81 E2

**BRIEF TITLE:** Modifying jail space requirements.

**SPONSORS:** House Committee on Institutions (Originally Sponsored By Representatives Sommers, Owen, Williams, Nisbet, Monohon, McCormick, Amen, Brown, Fiske, Grimm, Heck, Hine, Houchen, King (J.), Leonard, Prince, Scott, Struthers and Walk)

**HOUSE COMMITTEE:** Institutions

**SENATE COMMITTEE:** Social and Health Services

**BACKGROUND:**

The United States Supreme Court has recently reversed lower court decisions relating to prison standards. As a result, state and local governments have greater flexibility in designing, constructing and operating jail and prison facilities.

The jail standards in Washington, promulgated by the State Jail Commission, were probably stricter than they needed to be under the court's decision.

**SUMMARY:**

The State Jail Commission is required to immediately review and modify physical plant, operating and other standards in accordance with current case law. Local governments may then modify their jail designs to reduce space and staffing requirements and construction costs in accordance with the revised standards.

The Jail Commission may preempt the state building code and any local ordinance that relates to the installation or use of sprinklers in jail cells if the commission finds that compliance with the building code or local ordinance would conflict with the secure and humane operation of a jail.

Future Obligation: The Jail Commission must advise the Legislature of the changes in standards by February 1, 1982.

Termination Date: June 30, 1984.

**VOTES ON FINAL PASSAGE:**

House 93 5  
Senate 46 2 (Senate amended)  
House 96 1 (House concurred)

**EFFECTIVE:** December 21, 1981

**HB 775**

C 5 L 81 E2

**BRIEF TITLE:** Clarifying the legislative district boundaries between the twenty-fourth and thirty-fifth legislative districts and legislative district 19-B.

**SPONSOR:** Representative Eberle

**HOUSE COMMITTEE:** Select Committee on Redistricting

**SENATE COMMITTEE:** State Government

**BACKGROUND:**

Enumeration District 669 completely encircled the communities of Aberdeen and Hoquiam. The manner in which that ED was assigned in ESSB 3655 (C. 288 L. 81) gave rise to the question of contiguity between the town of Aberdeen and the remainder of legislative district 19-B. Enumeration District 658 was allocated to two different districts under the same statute.

**SUMMARY:**

The boundaries between the twenty-fourth and thirty-fifth legislative districts and legislative district 19-B in Grays Harbor County are clarified.

The statute is brought into conformity with the visual maps available to the Legislature when ESSB 3655 was enacted.

**VOTES ON FINAL PASSAGE:**

House 56 38  
Senate 25 22

**EFFECTIVE:** December 3, 1981

**HB 780**

C 2 L 81 E2

**BRIEF TITLE:** Modifying provisions relating to the state trade fair fund.

**SPONSORS:** House Committee on Labor and Economic Development and Representative Sanders  
(By Governor Spellman Request)

**HOUSE COMMITTEE:** Labor and Economic Development

**SENATE COMMITTEE:** Commerce and Labor

**BACKGROUND:**

Three percent of the revenue derived from horse racing parimutuel machines is paid to the State Trade Fair Fund in order for the Department of Commerce and Economic Development (DCED) to certify and finance trade fairs to be held within or outside the United States. Such trade fair organizations must be able to provide from their own resources sufficient funds to match at least one-half the amount of state financial aid allotted.

**SUMMARY:**

The Department of Commerce and Economic Development has the option to apply surplus funds up to \$1 million during a biennium, remaining in the State Trade Fair Fund, to foreign trade-related activities including, but not limited to, promotion of investment, tourism and foreign trade.

**VOTES ON FINAL PASSAGE:**

House 71 26  
Senate 27 20 (Senate amended)  
House 75 22 (House concurred)

**EFFECTIVE:** March 3, 1982

**SHB 782**

C 13 L 81 E2

**BRIEF TITLE:** Implementing laws relating to discharge of community college personnel.

**SPONSORS:** House Committee on Higher Education (Originally Sponsored by House Committee on Higher Education and Representative McDonald)

**HOUSE COMMITTEE:** Higher Education

**SENATE COMMITTEE:** Higher Education

**BACKGROUND:**

Community college faculty reduction-in-force procedures are governed by a combination of legislative acts: faculty tenure, Chapter 28B.50 RCW; professional negotiations, Chapter 28B.52 RCW; higher education Administrative Procedures Act, Chapter 28B.19 RCW. In addition, locally negotiated collective bargaining agreements affect reduction-in-force procedures. As a result, it was possible to draw out reduction-in-force procedures over a period as long as one year.

**SUMMARY:**

A community college may institute a shortened procedure to RIF tenured faculty in times of financial emergency by combining two required hearings into a single hearing. The short procedure can only be used when the State Board for Community College Education declares a financial emergency due to allotment reduction by the Governor or appropriated funds reduction by the Legislature.

Changed notice and hearing requirements will result in a procedure that has been shortened to about 90 days. Faculty requesting hearings are subject to one-half of the hearing costs. The only issue to be determined by hearing is whether the proper faculty members are being terminated subject to existing rules and the collective bargaining agreement in effect.

**VOTES ON FINAL PASSAGE:**

House	55	41	
Senate	25	23	(Senate amended)
House	52	45	(House concurred)

**EFFECTIVE:** December 21, 1981

**2SHB 788**

C 8 L 81 E2

**BRIEF TITLE:** Providing a temporary modification in the state retail sales and use tax rates.

**SPONSORS:** House Committee on Ways and Means (Originally Sponsored by House Committee on Revenue)

**HOUSE COMMITTEE:** Ways and Means

**SENATE COMMITTEE:** Ways and Means

**BACKGROUND:**

The state retail sales and use tax rates were four and five-tenths percent of the selling price.

**SUMMARY:**

The state retail sales and use tax rates are increased to five and five-tenths percent for the period between December 1, 1981, through June 30, 1983.

**VOTES ON FINAL PASSAGE:**

House	50	48
Senate	25	24

**EFFECTIVE:** December 4, 1981

**SHB 811**

PARTIAL VETO

C 14 L 81 E2

**BRIEF TITLE:** Reducing appropriations to state agencies.

**SPONSORS:** House Committee on Ways and Means (Originally Sponsored by House Committee on Ways and Means and Representative Chandler)

**HOUSE COMMITTEE:** Ways and Means

**SENATE COMMITTEE:** Ways and Means

**SUMMARY:**

The prescribed reductions in modifications in the state budget for the 1981-83 biennium are adopted. (See Budget Highlights this report and Veto Message.)

**VOTES ON FINAL PASSAGE:**

House	53	45
Senate	25	23 (Senate amended)
House	50	47 (House concurred)

**EFFECTIVE:** December 21, 1981

**SSB 3398**

FULL VETO

**BRIEF TITLE:** An act relating to revenue and taxation.

**SPONSOR:** Senate Committee on Ways and Means (Originally Sponsored By Senator McDermott)

**SENATE COMMITTEE:** Ways and Means

**BACKGROUND:**

Property taxes can be paid by April 30 in one sum or half can be paid by April 30 of each year, and the remaining half can be paid by October 31.

**SUMMARY:**

A 3 percent deduction is allowed on the amount of second-half property taxes paid, if all the property taxes are paid in full by April 30 of each year. (This is the same as a 1.5 percent reduction when all yearly property taxes are paid by April 30.)



VOTES ON FINAL PASSAGE:

Senate 43 5  
House 58 37

EFFECTIVE: FULL VETO  
(See Veto Messages)

**SCR 126**

BRIEF TITLE: Establishing a select committee on  
Mount St. Helens disaster relief.

SPONSORS: Senators Quigg, Talley, Hemstad,  
Zimmerman and Gallagher

BACKGROUND:

The eruption of Mount St. Helens has caused the deposit of volcanic ash in the area of the mountain. Siltation in the Toutle and Cowlitz Rivers is occurring regularly. The United States Army Corps of Engineers is dredging the Cowlitz and Toutle Rivers and parts of the Columbia River and needs areas to deposit the dredge spoils.

SUMMARY:

A ten-member select Senate and House committee is established to study the problem of dredge spoil sites for the Toutle, Cowlitz, Coweeman and Columbia River areas. The committee will consist of five members from each house, the Senate members to be appointed by the President of the Senate and the House members to be appointed by the Speaker of the House. The select committee is requested to meet prior to the January, 1982 session.

Future Obligation: The committee is to report findings and any proposals for needed legislation to the Legislature prior to the January, 1982 regular session.

VOTES ON FINAL PASSAGE:

Senate 47 0  
House (adopted by voice vote)

EFFECTIVE: November 23, 1981



# **VETO MESSAGES**



## State of Washington

JOHN SPELLMAN, Governor

December 1, 1981

OFFICE OF THE GOVERNOR

To the Honorable, the House  
of Representatives of the  
State of Washington

Ladies and Gentlemen:

I am returning herewith without my approval as to  
subsection 3 of section 4 of Second Substitute House  
Bill No. 557 entitled:

"AN ACT Relating to Medical Care."

Subsection 3 of section 4 would have established a new  
revolving fund under the control of the Department of  
Social and Health Services. Since the bill states no  
purpose for the new fund and since we are currently  
trying to reduce the number of separate funds, I have  
vetoed this provision.

With the exception of subsection 3 of section 4, Second  
Substitute House Bill No. 557 is approved.

Respectfully submitted,



John Spellman  
Governor



SECRETARY OF STATE

## State of Washington

JOHN SPELLMAN, Governor

OFFICE OF THE GOVERNOR

December 21, 1981

To the Honorable, the House  
of Representatives of the  
State of Washington

Ladies and Gentlemen:

I am returning herewith without my approval as to several provisions ESHB 811 entitled:

"AN ACT Relating to Reductions in Appropriations."

The provisions I have vetoed and the reasons therefore are as follows:

1. On page 4, I have vetoed Section 1. This section would interject the legislature, through the Legislative Budget Committee, into the administration of state government. Further, were the section to become law, it would duplicate the purpose of Section 33, Chapter 143, Laws of 1981, and of Executive Order 81-20, which require the Department of General Administration to review and approve expenditures for state remodeling and renovation plans. A further review and approval by the LBC would be wasteful and unnecessary.
2. On page 5, I have vetoed Section 2, which forbids the use of funds for agency deputy director positions not existing in law prior to January 1, 1981. This is a blanket prohibition which excepts only the Department of Corrections and the Department of Social and Health Services. While I appreciate the spirit of economy that is conveyed by this section, these restrictions during a time of state agency reorganization could be counter-productive. Such efforts toward economies are better accomplished on a case-by-case basis by this office.
3. On page 10, Section 15, lines 34 and 35, and on page 11, lines 1 through 5, I have vetoed the proviso that reads: "Provided, that no raise effective February 1, 1983, shall increase any annual salary above \$35,000 in which case the recipient shall receive only that portion of the raise which would increase the salary to no more than \$35,000: Provided further, that no employee making \$35,000 or more per year on February 1, 1983, shall be eligible for the raise effective on that date:"

On page 76, Section 76, I have vetoed subsection (11), which states: "Notwithstanding any other provision of law, no employee whose salary

exceeds thirty-five thousand dollars per year may receive further increase from these funds, nor shall any employee whose salary is less than thirty-five thousand dollars exceed that figure as a result of further increase from these funds. Any savings created by such action shall be expended only for nonemployee related items."

While a salary lid for government employees may have appeal, it would soon seriously hamper the state's ability to attract and keep competent managers, supervisors, and other professionals. If the federal experience is any indication, we could expect increasing numbers of government managers to depart for business and consulting work, government lawyers for private firms, and doctors and dentists at our mental and other custodial institutions for private practice. Some of our best professionals in education would also be discouraged from public service. Especially in times of limited resources, the state cannot afford such a drain of talent. This could begin a state slide toward mediocrity. In addition, it is unfair to select one group of state employees for discriminatory treatment in the area of pay raises. The same rules should apply to all state employees.

4. On page 17, I have vetoed Section 23. In a time of increased, and usually unavoidable, litigation, the Attorney General must be able to meet agency demands for legal services. This veto action restores the Office of the Attorney General to the appropriation level originally provided by the Legislature for the 1981-83 Biennium. The Attorney General has agreed, however, to reduce his expenditures under this appropriation by 5 percent. I have forwarded to you a copy of a letter to me from the Attorney General amplifying the grounds for this veto and stating his commitment.
5. On page 18, Section 24, I have vetoed subsection (6). I have also vetoed the following provisions relating to the same subject: On page 82, Section 83, lines 24 through 26; on page 83, Section 84, lines 5 through 7 beginning with "In making reductions . . ."; on page 83, Section 85, lines 21 through 26; on page 84, Section 86, lines 2 through 5; on page 84, Section 87, lines 15 through 18; on page 84, Section 88, lines 24 through 27; on page 85, Section 89, lines 4 through 7; and, on page 85, Section 90, lines 22 through 24.

These provisions require a reduction in state General Fund-supported travel expenses of 30 percent for all state agencies except the community colleges, which are to be reduced 8 percent. A blanket reduction of both in-state and out-of-state travel is sure to impair the vital functions of several agencies. For example, the members of the Board of Prison Terms and Paroles must constantly travel to our state institutions in order to hold parole hearings. The Department of Revenue estimates a loss of \$21 million in state revenues if its auditors, who must travel to businesses in order to perform tax audits, were to reduce their travel in compliance with this provision. In an effort to keep noncritical travel to a minimum, I have issued a directive to all state agencies reminding them of existing travel regulations, requiring further curtailment of travel, and directing that all travel out-of-state be personally approved by agency directors.

6. On page 20, Section 28, I have vetoed the sentence in subsection (5) beginning on line 26 and continuing through line 29 that specifies the number of FTE staff years that the Department of Revenue may use in its expanded revenue recovery efforts. I believe the legislature intended to limit additional new staff to 50 FTEs. But the language would actually limit the department to 32.75 total staff years in fiscal year 1983 for this critical activity. I have thus vetoed what I believe is a technical mistake. Consistent with legislative intent, however, the department will expend these funds solely for this purpose, and no more than 50 new audit staff will be hired.
7. On page 29, Section 41, subsection (2), I have vetoed the sentence beginning on line 17 that reads: "Allotment modifications shall be submitted to the Legislative Budget Committee for approval prior to implementation." This language requires Legislative Budget Committee consent to all allotment amendments related to the Department of Social and Health Services. Such a procedure not only is cumbersome but also preempts the Governor's statutory responsibility for allotment approval, and interjects the legislature into the executive operations of state government.
8. On page 31, Section 42, I have vetoed part (ix) of subsection 2(b), which reads as follows: "Tobacco products shall not be provided to inmates who have not earned such products." Providing loose tobacco (not cigarettes) to inmates has proved useful in managing our crowded correctional institutions. At this time, a sudden abandonment of this custom could prove dangerous to the morale and tranquility of those institutions.
9. On pages 57 through 61, I have vetoed Section 65. This section contains a proviso which purports to prohibit state moneys from being spent on Metro's proposed wastewater outfall at Seahurst. While I recognize the controversy surrounding Metro's proposed project, that controversy cannot properly be resolved by a budget bill proviso which was adopted without a public hearing. The use of state monies for the proposed project is subject to the comprehensive hearing-and-approval process passed by the voters just over a year ago in Referendum 39, now codified as Chapter 43.99F RCW. That process, including full hearings on the matter by the legislature, should run its course before any final determination regarding the use of state monies is made.

As a consequence of this veto, the appropriation level for the Department of Ecology is maintained at the level established in the 1981 Regular Session. I am, however, directing the Department of Ecology to implement budget and FTE levels consistent with the budget cuts that this section would have imposed.

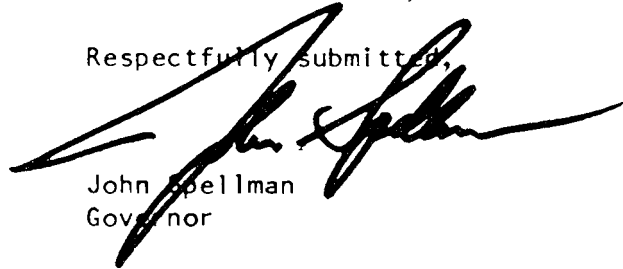
10. On page 65, Section 71, I have vetoed the words "A maximum of . . ." on line 5 of subsection (2) that direct that: "A maximum of \$1,997,000 shall be expended for the operation of the Clearwater, Olympic, Larch Mountain, Indian Ridge, Cedar Creek, Maple Lane, Naselle, and Mission Creek Honor Camps."

The legislative intent of subsection (2) was to reduce the state General Fund appropriation to the honor camp program by 10 percent. Because of a technical drafting error, the amendment does not include the words "General Fund-State appropriation." This oversight limits the spending authority of the Department of Natural Resources to approximately 50 percent of the current expenditure level, because approximately 50 percent of this program is funded by nonstate general fund sources. At that level the honor camps could not survive. Therefore, a veto of the phrase indicated will permit the level of funding necessary to support the honor camps for the remainder of the biennium.

11. On page 78, Section 80, subsection (3), I have vetoed the phrase on lines 33 and 34 "under section 100 of this act." The appropriate reference should be to Section 82 of the Act, which amends Section 100 of the original appropriations bill, Senate Bill 3636, Chapter 340, Laws of 1981 (uncodified).

With the exceptions of the aforementioned sections, which I have vetoed, ESHB 811 is approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Spellman", written over the typed name and title.

John Spellman  
Governor



# BUDGET

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## General Fund Revenue and Expenditure Reconciliation - 1981-83 Biennium

(\$ In Millions)	<u>GENERAL FUND STATE</u>	<u>GENERAL FUND TOTAL (3)</u>
<u>REVENUES</u>		
Beginning Fund Balance (Balance at End of 1979-81 Biennium)	\$ 5.6	\$ 5.6
Revenue Estimate March 4, 1981	7,243.9	9,034.4
Adjustments:		
September 1981 Revisions	(601.7)	(601.7)
November 1981 Revisions	(97.0)	(175.1)
Loss of Inheritance Tax	(42.9)	(42.9)
Revised Interest Earnings	10.0	10.0
	<u>\$6,517.9</u>	<u>\$8,230.3</u>
Legislative Actions:		
Unclaimed Property Revisions	8.0	8.0
Pollution Control Tax Credit Revisions	1.2	1.2
Discount for Full Payment of Property Taxes	7.3	7.3
One Cent Sales Tax Increase	527.4	527.4
DOR Audit Recovery (1)	19.4	19.4
	<u>\$7,081.2</u>	<u>\$8,793.6</u>
Total Revenue		
	<u>\$7,081.2</u>	<u>\$8,793.6</u>
<u>EXPENDITURES</u>		
1981-83 Appropriations	\$7,248.5	\$9,039.0
Net Interest Cost on \$400 Million Cash Flow Loan	20.0	20.0
Increased Debt Service Due to Higher Interest Rates	12.6	12.6
SHB 811 Expenditure Reductions (1) (2)	(232.2)	(310.3)
	<u>\$7,048.9</u>	<u>\$8,761.3</u>
Total Expenditures		
	<u>\$7,048.9</u>	<u>\$8,761.3</u>
BALANCE: 1981-83 Biennium	32.3	32.3

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## General Fund Revenue and Expenditure Reconciliation - 1981-83 Biennium - Notes

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### NOTES

- (1) SHB 811 included a new \$2.4 million appropriation to Department of Revenue for additional auditors. The revenue to be generated assumes DOR will be granted statutory authority in January 1982 to contract for out-of-state audit services.
- (2) The total General Fund-State expenditure reduction was \$284.6 million before the addition of expenditures to cover the loss of \$52.4 million in the common school construction fund, leaving a net General Fund-State expenditure reduction of \$232.2 million.
- (3) Including federal and other fund sources.

## 1981 Second Special Session - Revenue Legislation Summary

		(1981-83 Revenue Impact in \$000's)				\$ in thousands
BILL NO.	SUBJECT	GENERAL FUND STATE	GENERAL FUND FEDERAL	TOTAL GENERAL FUND	ALL OTHER FUNDS	TOTAL ALL FUNDS
SHB 485	Pollution control tax exemptions/credits	\$ 1,200	\$ --	\$ 1,200	\$ --	\$ 1,200
2SHB 756	Public assistance <sup>1</sup> modified	--	--	--	--	--
SHB 760	Nursing homes <sup>1</sup> provisions	--	--	--	--	--
SHB 766	Unclaimed property act	8,000	--	8,000	--	8,000
SHB 788	Retail sales/use tax rate increase	527,400	--	527,400	--	527,400
SHB 811	Reducing appropriations	--	( 78,077)	( 78,077)	--	(78,077)
SB 3398	Property tax discount	<u>7,300</u>	<u>--</u>	<u>7,300</u>	<u>--</u>	<u>7,300</u>
	TOTAL	\$ 543,900	\$(78,077)	\$465,823	--	\$465,823

<sup>1</sup>General Fund Federal Revenue reductions from  
2SHB 756 and SHB 760 are accounted for by SHB 811.

## 1981 Second Special Session - Appropriation Legislation Summary

(1981-1983 Expenditure Impact in \$000's)

BILL NO.	SUBJECT	GENERAL FUND STATE	GENERAL FUND FEDERAL	TOTAL GENERAL FUND	ALL OTHER FUNDS	TOTAL ALL FUNDS
2SHB 756	Public assistance <sup>1</sup> modified	--	--	--	--	--
SHB 760	Nursing homes <sup>1</sup> provisions	--	--	--	--	--
SHB 780	State trade fair fund	--	--	--	\$ 340	\$ 340
ESHB 811	Reducing appropriations	<u>\$(232,197)</u>	<u>\$( 78,077)</u>	<u>\$(310,274)</u>	<u>\$(43,281)</u>	<u>\$(353,555)</u>
	TOTAL	\$(232,197)	\$( 78,077)	\$(310,274)	\$(42,941)	\$(353,215)

<sup>1</sup>General Fund State and Federal Expenditure reductions from 2SHB 756 and SHB 760 are accounted for by ESHB 811.

## Washington State 1981-83 Operating Budget - Total Washington State

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 TOTAL ALL FUNDS
TOTAL EDUCATION	4,326,609	292,335	749,711	5,368,654	4,368,646
EDUCATION OTHER	32,415	34,124	7,161	73,700	65,811
HIGHER EDUCATION	694,394		685,414	1,379,808	1,206,733
PUBLIC SCHOOLS	3,194,683	257,931	18,225	3,470,838	2,703,416
COMM COLLEGES	405,117	281	38,911	444,308	392,686
NATURAL RESOURCES	125,878	28,485	470,893	625,256	370,875
LEGISLATIVE	37,201		310	37,511	39,050
JUDICIAL	35,098		359	35,457	26,038
GENERAL GOVERNMENT	747,321	10,936	874,890	1,633,146	1,424,146
HUMAN RESOURCES	1,715,396	1,327,698	487,174	3,530,268	2,981,454
SPECIAL APPROP	5,245	61	352	5,659	3,793
TRANSPORTATION	23,598	11,098	512,241	546,937	467,300
<b>TOT WASHINGTON STATE</b>	<b>7,016,347</b>	<b>1,670,613</b>	<b>3,095,931</b>	<b>11,782,891</b>	<b>9,681,302</b>

## Washington State 1981-83 Operating Budget - Education Total

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 TOTAL ALL FUNDS
COMM COLLEGE TOTAL	405,117	281	38,911	444,308	392,686
BRD FOR CC EDUC	405,117	281	38,911	444,308	392,686
EDUCATION OTHER	32,415	34,124	7,161	73,700	65,811
COMPACT FOR EDUC	29			29	50
CMCL POSTSEC EDUC	20,625	3,698	20	24,342	17,332
COMM FOR UOC EDUC	1,834	27,307		29,141	29,242
HE PERSONNEL BRD	135		1,309	1,444	1,296
PUBLIC BROADCASTING	135	8		143	146
STATE LIBRARY	6,876	2,219	5,668	14,763	13,821
STATE ARTS COMM	1,266	893		2,159	2,150
ST HIST SOCIETY	585		36	621	641
E WA ST HIST SOCIETY	498		75	573	623
ST CAPITOL HIST ASSN	432		53	485	510
HIGHER EDUCATION	694,394		685,414	1,379,808	1,206,733
UNIV OF WASH	307,491		554,617	862,107	746,781
WASH STATE UNIV	186,931		99,390	286,321	258,096
EASTERN WASH UNIV	58,050		8,146	66,196	57,158
CENTRAL WASH UNIV	52,293		8,765	61,048	53,745
THE EVERGREEN ST COLL	26,822		2,285	29,107	23,894
WESTERN WASH UNIV	62,808		12,222	75,030	67,059
PUBLIC SCHOOLS	3,194,683	257,931	18,225	3,470,838	2,703,416
SUPT PUB INSTRUCT	3,194,683	257,931	18,225	3,470,838	2,703,416
<b>EDUCATION TOTAL</b>	<b>4,326,609</b>	<b>292,336</b>	<b>749,711</b>	<b>5,368,654</b>	<b>4,368,646</b>

## Washington State 1981-83 Operating Budget - Public Schools

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 \$ DIFF
OFFICE OF SPI	13,254	6,393	483	20,130	-490
EXECUTIVE SERVICES	108	25		132	-2,249
FINANCIAL SERVICES	257	48	2	306	-3,741
CURRICULUM & INSTR SERU	132	91	22	244	-3,447
SPECIAL SERVICES	48	61		110	-1,529
ADMIN & STAFF SERVICE	185	53		238	-4,725
UOC & ADULT EDUC SERVICE	182	15		197	-277
SP PROGRAMS & SERVICES	29	120		149	-3,277
APPOR + COMP (350021+35002	2,736,320		4,000	2,740,320	678,168
GEN APPORTIONMENT	2,736,320		4,000	2,740,320	678,168
TRANSPORTATION	147,300			147,300	-5,927
UOC-TECH INSTITUTES	41,168			41,168	3,209
COMP INCREASES					
FOOD SERVICES	6,432	69,744		76,176	7,921
HANDICAPPED	119,921	27,200		147,121	-21,140
TRAFFIC SAFETY EDUCATION			13,740	13,740	736
EDUC SERVICE DIST ISD	3,986			3,986	-6,202
URBAN-RURAL-RACIAL-DISAB					-8,184
ELEM & SECONDARY ED ACT		114,660		114,660	7,854
INDIAN EDUCATION		600		600	-1,288
INST EDUCATION	15,438	5,560		20,998	2,188
ADULT BASIC EDUCATION		3,235		3,235	247
GIFTED EDUCATION					-2,848
CULTURAL ENRICHMENT					-1,508
PACIFIC SCIENCE CENTER					-296
REMIEDIATION					-668
VALUES ED CURRICULUM DEV					-66
CAREER EDUCATION		505		505	218
COMP PLAN & EVALUATION					-144
ENVR EDUCATION					-638
ENCUMB FED GRANTS		30,034		30,034	60,068
BILINGUAL EDUCATION					-5,323
REMEDIAL EDUCATION					-13,425
COMMON SCHL CONST PAYBACK					
EDUCATIONAL CLINICS	1,000			1,000	1,000
CARRY FORWARD CATEGORICAL	706			706	706
SPECIAL PROGRAMS	109,160			109,160	109,160
MISCELLANEOUS					-35,908
<b>SUPT PUBLIC INSTRUCTION</b>	<b>3,194,685</b>	<b>257,931</b>	<b>18,223</b>	<b>3,470,838</b>	<b>767,422</b>

## Washington State 1981-83 Operating Budget - Natural Resources Total

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 TOTAL ALL FUNDS
STATE ENERGY OFFICE	1,235	4,752		5,987	6,360
DEPT OF ECOLOGY	19,388	14,659	260,229	284,276	97,587
ENERGY FAC SITE EU CNC	34		3,795	3,829	3,001
PARKS & RECREATION	26,957	185	7,290	34,432	31,181
ARCH/HIST PRESERV.	314	227	17	558	2,919
OUTDR RECREATION COMM			29,439	29,439	13,636
ENVIRON HEARINGS OFFICE	630			630	636
ENVIRONTL POLICY CNCL	50			50	
COMM & EC DEVELP DEPT	8,438	413	1,815	10,666	7,530
CONSERVATION COMM	21	17		38	493
OCEANOGRAPHIC COMM	15			15	380
COL RIV GORGE COMM	68			68	70
DEPT OF FISHERIES	36,805	5,970	1,994	44,769	43,983
DEPT OF GAME			52,858	52,858	41,406
NATURAL RESOURCE DEPT	22,913	1,449	93,160	117,522	93,267
DEPT OF AGRICULTURE	9,010	814	30,296	40,120	28,425
ENV POLICY COMM					
<b>NATURAL RESOURCES TOTAL</b>	<b>125,878</b>	<b>28,485</b>	<b>470,893</b>	<b>625,256</b>	<b>370,875</b>



## Washington State 1981-83 Operating Budget - Total Judiciary & Legislative

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 TOTAL ALL FUNDS
TOTAL JUDICIARY	35,098		359	35,457	26,038
SUPREME COURT	5,922			5,922	5,609
LAW LIBRARY	1,710			1,710	1,427
COURT OF APPEALS	8,140			8,140	6,610
JUDICIAL QUAL COMM	258			258	
COURT ADMR	18,785		359	19,144	12,147
JUDICIAL COUNCIL	283			283	244
TOTAL LEGISLATIVE	37,201		310	37,511	39,050
HOUSE OF REP	15,944			15,944	17,710
SENATE	13,846			13,846	14,743
LEGIS BUDGET COM	1,253			1,253	956
LEAP COMMITTEE	1,180			1,180	991
STATE ACTUARY	296			296	265
STATUTE LAW COM	4,681		310	4,991	4,201
LAPSED PROGRAMS					185
<b>TOTAL LEG &amp; JUD</b>	<b>72,298</b>		<b>669</b>	<b>72,967</b>	<b>65,087</b>

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# Washington State 1981-83 Operating Budget - General Government

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 TOTAL ALL FUNDS
BOND RETIRE & INT			330,376	330,376	248,430
STATE REUS FOR DIST	182,086		325,772	507,858	434,907
FEDERAL REUS FOR DIS		79	34,966	35,045	72,250
UNIFORM LEG COMM					20
PRESIDENTIAL ELECTORS					1
ST BRD OF ACCTNCY	574			574	517
ATHLETIC COMM	68			68	59
CEMETERY BOARD			58	58	56
HORSE RACING COMM			2,246	2,246	1,883
LIQUOR CONTROL BRD			80,898	80,898	64,928
PHARMACY BOARD	1,032	28		1,060	1,352
UTILITY & TRANS			17,688	17,688	14,864
UOL FIREMEN BOARD			166	166	122
DEPT EMERGENCY SERU	1,052	2,285		3,337	13,210
MILITARY DEPT	6,674	1,764		8,438	7,180
PUB EMPL REL COMM	1,253			1,253	1,207
OFF OF GOV	3,339			3,339	2,827
LT GOVERNOR	211			211	212
PUB DISCLOSURE COMM	941			941	860
SECRETARY OF STATE	3,959		1,135	5,094	3,949
INDIAN ADVISORY CNCL	114			114	152
ASIAN-AM ADU CNCL	116			116	161
STATE TREASURER			5,247	5,247	4,266
STATE AUDITOR	2,365	403	5,583	8,351	7,180
ATTORNEY GENERAL	4,145		19,014	23,159	21,137
OFF FINANCIAL MGMT	13,130	6,377		19,506	32,052
DEPT OF PERSONNEL	5		9,741	9,746	9,401
STATE CAPITOL COM					20
DATA PROCESS AUTH	479			479	1,072
DEFER COMP COMM	31			31	30
GAMBLING COMM			4,481	4,481	3,489
MEXICAN-AM AFFAIRS	112			112	125
DEPT RETIREMENT SYS	460,650		9,629	479,279	400,078
ST FINANCE COM			69	69	1,069
DEPT OF REVENUE	38,887		3,404	42,291	35,689
TAX APPEALS BRD	945			945	768
MUN RESEARCH CNCL	1,197			1,197	880
DEPT OF GEN ADMIN	7,300		23,055	30,355	31,017
INSURANCE COMM	7,659			7,659	6,729
ST INVESTMNT BOARD			1,075	1,075	
OFF OF MINORITY AFFAIRS					
PERSONNEL APPEALS BD			287	287	
<b>GENERAL GOVERNMENT</b>	<b>747,321</b>	<b>10,936</b>	<b>874,890</b>	<b>1,633,146</b>	<b>1,424,146</b>

## Washington State 1981-83 Operating Budget - Dept. of Social & Health Services

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 \$ DIFF
JUVENILE REHABILITATION	59,464	739		60,203	6,642
MENTAL HEALTH	139,060	21,180	922	161,163	32,302
DEVELOPMENTAL DISABILITY	141,885	65,197		207,082	34,561
NURSING HOMES	169,475	169,527		339,002	63,915
INCOME MAINTENANCE	308,220	319,215		627,435	-38,235
COMMUNITY SOCIAL SERVICE	136,003	61,049	105	197,157	11,228
MEDICAL ASSISTANCE	246,389	212,923		459,312	35,619
PUBLIC HEALTH	34,135	50,501	32,823	117,458	13,557
VOCATIONAL REHABILITATION	16,529	28,460		44,988	806
ADMIN/SUPPORTING SERVICE	66,476	46,668	75	113,219	18,341
COMMUNITY SERVICES ADMIN	109,069	136,686	48	245,803	26,582
DSHS REAPPROPS	26,532	18,383	250	45,165	11,532
300-MISCELLANEOUS					
DEPT OF SOCIAL & HLTH SU	1,453,237	1,130,528	34,222	2,617,987	216,848

## Washington State 1981-83 Operating Budget - Total Human Resources

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 TOTAL ALL FUNDS
PLAN & COMM AFFAIRS	4,363	28,276		32,639	20,603
HUMAN RIGHTS COMM	2,734	565		3,299	4,257
IND INS APPEALS BRD	40		4,981	4,981	3,454
DEPT L & I	8,289	6	86,618	92,913	76,423
PRISON TERMS & PAROLES	2,319			2,319	2,117
CRIM JUST TRNG CM			5,599	5,599	4,395
DEPT SOC & HLTH SER	1,461,766	1,130,527	34,223	2,626,516	2,401,137
VETERANS AFFAIRS	15,689		2,703	18,392	16,212
ADULT CORRECTIONS	215,483		525	216,008	141,468
COMM FOR BLIND	2,589	5,431	396	8,415	7,329
JAIL COMMISSION	760	3	225,313	226,076	12,227
HOSPITAL COMM	523	148	948	1,618	1,645
DEPT EMPLOY SECURITY	2,120	162,743	125,929	290,791	290,188
SENTENCING COMM	616			616	
ADMIN HRQS OFF	108			108	
<b>TOT HUMAN RESOURCES</b>	<b>1,715,396</b>	<b>1,327,698</b>	<b>487,174</b>	<b>3,530,268</b>	<b>2,981,454</b>

## Washington State 1981-83 Operating Budget - Total Special Appropriations

\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 TOTAL ALL FUNDS
SPEC APP TO GOV	2,247 .....	.....	.....	2,247 .....	624
RELATED CLAIMS	1,553 .....	.....	273 .....	1,825 .....	525
SUNDRY CLAIMS	1,446 .....	61 .....	80 .....	1,587 .....	391
SALARY ADJUSTMENTS	.....	.....	.....	.....	.....
SUPP BUDGET 1979-81	.....	.....	.....	.....	.....
SPECIAL EMPLOY PROG	.....	.....	.....	.....	2,254
K-12 SALARY ADJUST	.....	.....	.....	.....	.....
TOT SPECIAL APPROPS	5,245 .....	61 .....	352 .....	5,659 .....	3,793

## Washington State 1981-83 Operating Budget - Total Transportation

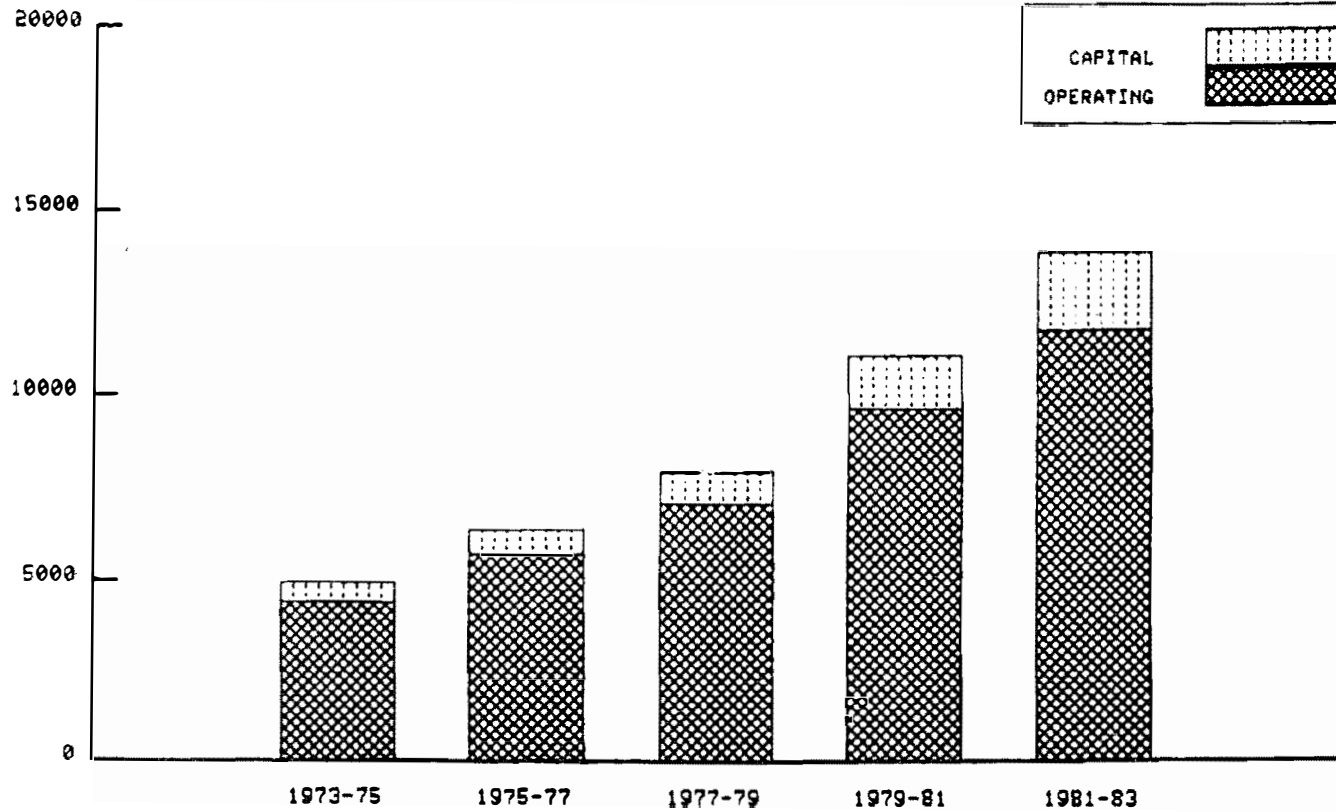
\$ in thousands

	GENERAL FUND STATE	GENERAL FUND FEDERAL	ALL OTHER FUNDS	1981-83 TOTAL ALL FUNDS	1979-81 TOTAL ALL FUNDS
AERONAUTICS COMM	.....	.....	.....	.....	.....
BRD PILOTAGE COMMRS	.....	.....	55	55	47
STATE PATROL	12,789	.....	96,231	109,020	88,772
VEH EQUIP SAFETY COM	.....	.....	.....	.....	7
TRAFFIC SAFETY COMM	.....	.....	8,850	8,850	7,938
DEPT OF LICENSING	10,085	.....	68,642	78,727	62,786
DEPT OF TRANSPORT	724	11,098	269,233	281,055	240,884
CNTY ROAD ADMIN BRD	.....	.....	270	270	213
URBAN ARTERIAL BRD	.....	.....	68,961	68,961	66,653
TOLL BRIDGE AUTH	.....	.....	.....	.....	.....
<b>TOT TRANSPORTATION</b>	<b>23,598</b>	<b>11,098</b>	<b>512,241</b>	<b>546,937</b>	----- 467,300

## Washington State Operating & Capital Budgets - Total All Funds

DOLLARS IN MILLIONS

	1973-75	1975-77	1977-79	1979-81	1981-83
OPERATING	4,439	5,758	7,133	9,681	11,783
CAPITAL	548	672	894	1,428	2,102
TOTAL	4,986	6,431	8,027	11,110	13,885



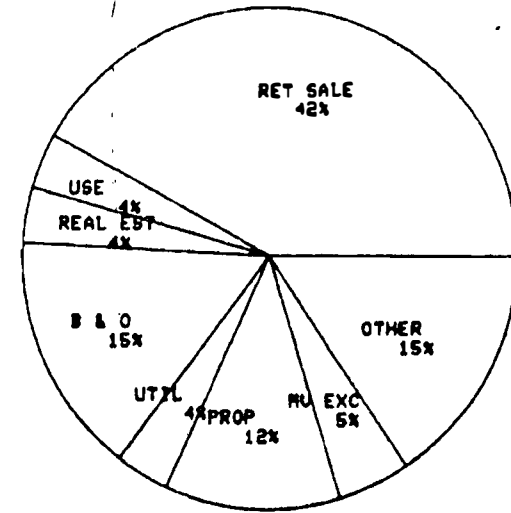
**Comparative Information - Operating Budget - General Fund State - 1981-83 Biennium - Revenue Forecast**

DOLLARS IN MILLIONS

**ORIGINAL LEG REVENUE 1981-83**

RETAIL SALES	3,045	42%
USE TAX	259	4%
REAL ESTATE EXCISE	256	4%
B & O	1,122	15%
PUBLIC UTILITY	256	4%
PROPERTY TAX	845	12%
MOTOR VEHICLE EXCISE	340	5%
ALL OTHER	1,122	15%

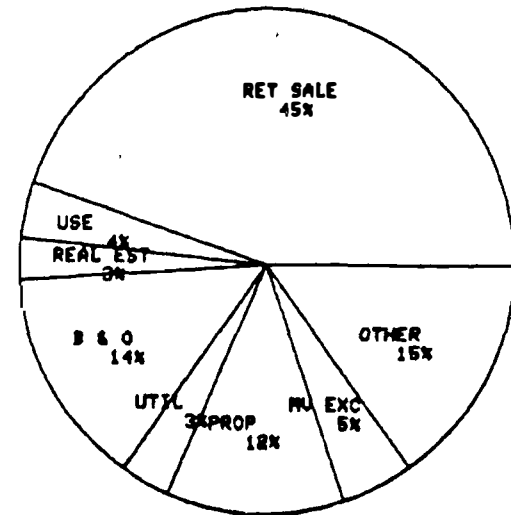
<b>ORIGINAL EXPECTATIONS</b>	<b>7,244</b>	<b>100%</b>
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**REVISED ASSUMPTIONS**

RETAIL SALES	3,166	45%
USE TAX	254	4%
REAL ESTATE EXCISE	188	3%
B & O	1,011	14%
PUBLIC UTILITY	232	3%
PROPERTY TAX	830	12%
MOTOR VEHICLE EXCISE	334	5%
ALL OTHER	1,066	15%

<b>REVISED EXPECTATIONS</b>	<b>7,081</b>	<b>100%</b>
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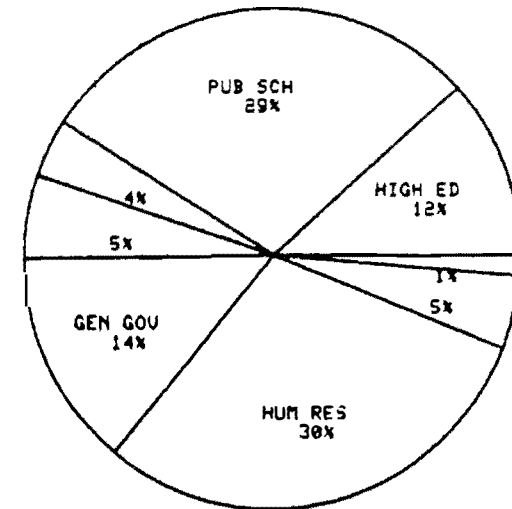
## Comparative Information - Operating Budget - Total All Funds Versus General Fund - State

DOLLARS IN MILLIONS

1981-83 BI (REV)

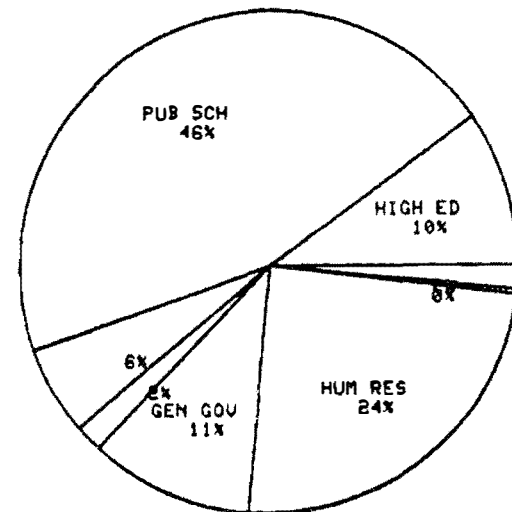
HIGHER EDUCATION	1,380	12%
PUBLIC SCHOOLS	3,471	29%
COMMUNITY COLLEGES	444	4%
NATURAL RESOURCES	625	5%
GENERAL GOVERNMENT	1,633	14%
HUMAN RESOURCES	3,530	30%
TRANSPORTATION	547	5%
ALL OTHER	152	1%

TOTAL ALL FUNDS	11,783	100%
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HIGHER EDUCATION	694	10%
PUBLIC SCHOOLS	3,195	46%
COMMUNITY COLLEGES	405	6%
NATURAL RESOURCES	126	2%
GENERAL GOVERNMENT	747	11%
HUMAN RESOURCES	1,715	24%
TRANSPORTATION	24	%
ALL OTHER	110	2%

GENERAL FUND-STATE	7,016	100%
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\* COMPENSATION INCREASES ARE DISTRIBUTED TO FUNCTIONAL AREAS

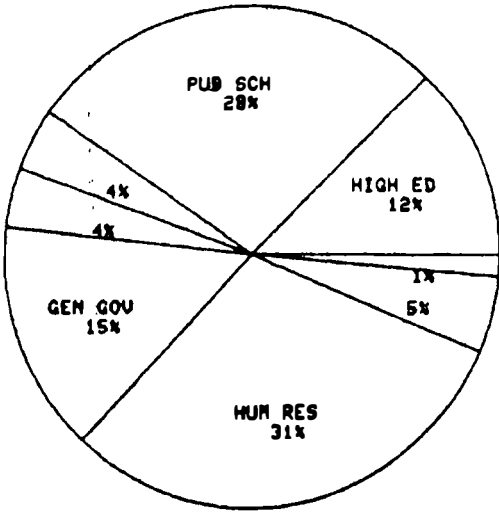
## Comparative Information - Operating Budget - Current Biennium Versus Ensuing Biennium

DOLLARS IN MILLIONS

ALL FUNDS

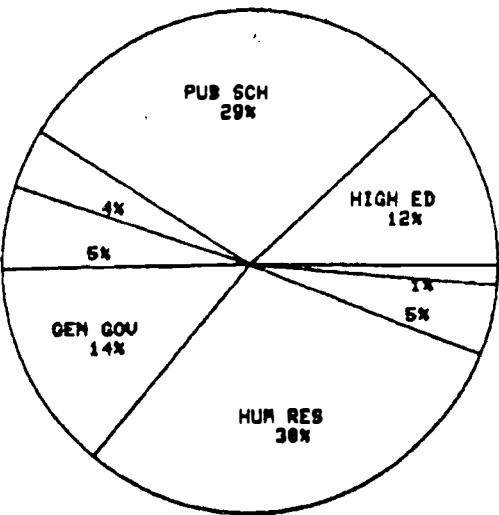
HIGHER EDUCATION	1,207	12%
PUBLIC SCHOOLS	2,703	28%
COMMUNITY COLLEGES	393	4%
NATURAL RESOURCES	371	4%
GENERAL GOVERNMENT	1,424	15%
HUMAN RESOURCES	2,981	31%
TRANSPORTATION	467	5%
ALL OTHER	135	1%

1979-81 TOTAL 9,681 100%



HIGHER EDUCATION	1,380	12%
PUBLIC SCHOOLS	3,471	29%
COMMUNITY COLLEGES	444	4%
NATURAL RESOURCES	625	5%
GENERAL GOVERNMENT	1,633	14%
HUMAN RESOURCES	3,530	30%
TRANSPORTATION	547	5%
ALL OTHER	152	1%

1981-83 TOTAL (REVISED) 11,783 100%



\* COMPENSATION INCREASES ARE DISTRIBUTED TO FUNCTIONAL AREAS

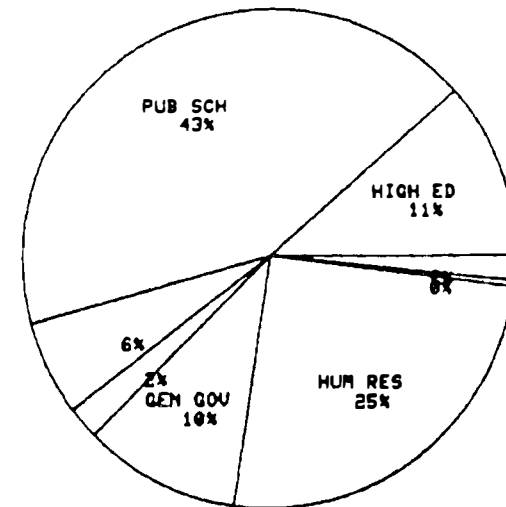
## Comparative Information - Operating Budget - Current Biennium Versus Ensuing Biennium

DOLLARS IN MILLIONS

### GENERAL FUND-STATE

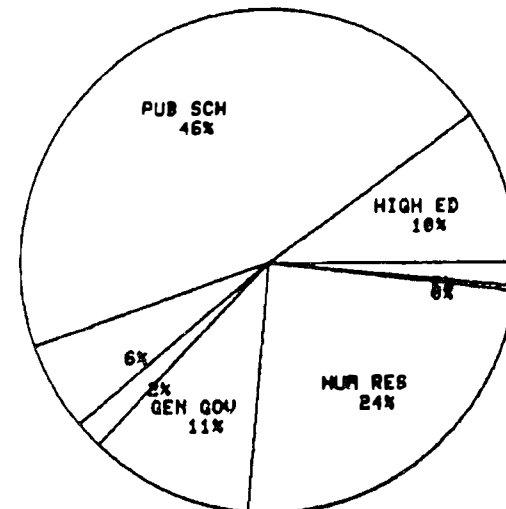
HIGHER EDUCATION	659	11%
PUBLIC SCHOOLS	2,454	43%
COMMUNITY COLLEGES	348	6%
NATURAL RESOURCES	121	2%
GENERAL GOVERNMENT	587	10%
HUMAN RESOURCES	1,449	25%
TRANSPORTATION	21	%
ALL OTHER	93	2%

<b>1979-81 TOTAL</b>	<b>5,732 100%</b>
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HIGHER EDUCATION	694	10%
PUBLIC SCHOOLS	3,195	46%
COMMUNITY COLLEGES	405	6%
NATURAL RESOURCES	126	2%
GENERAL GOVERNMENT	747	11%
HUMAN RESOURCES	1,715	24%
TRANSPORTATION	24	%
ALL OTHER	110	2%

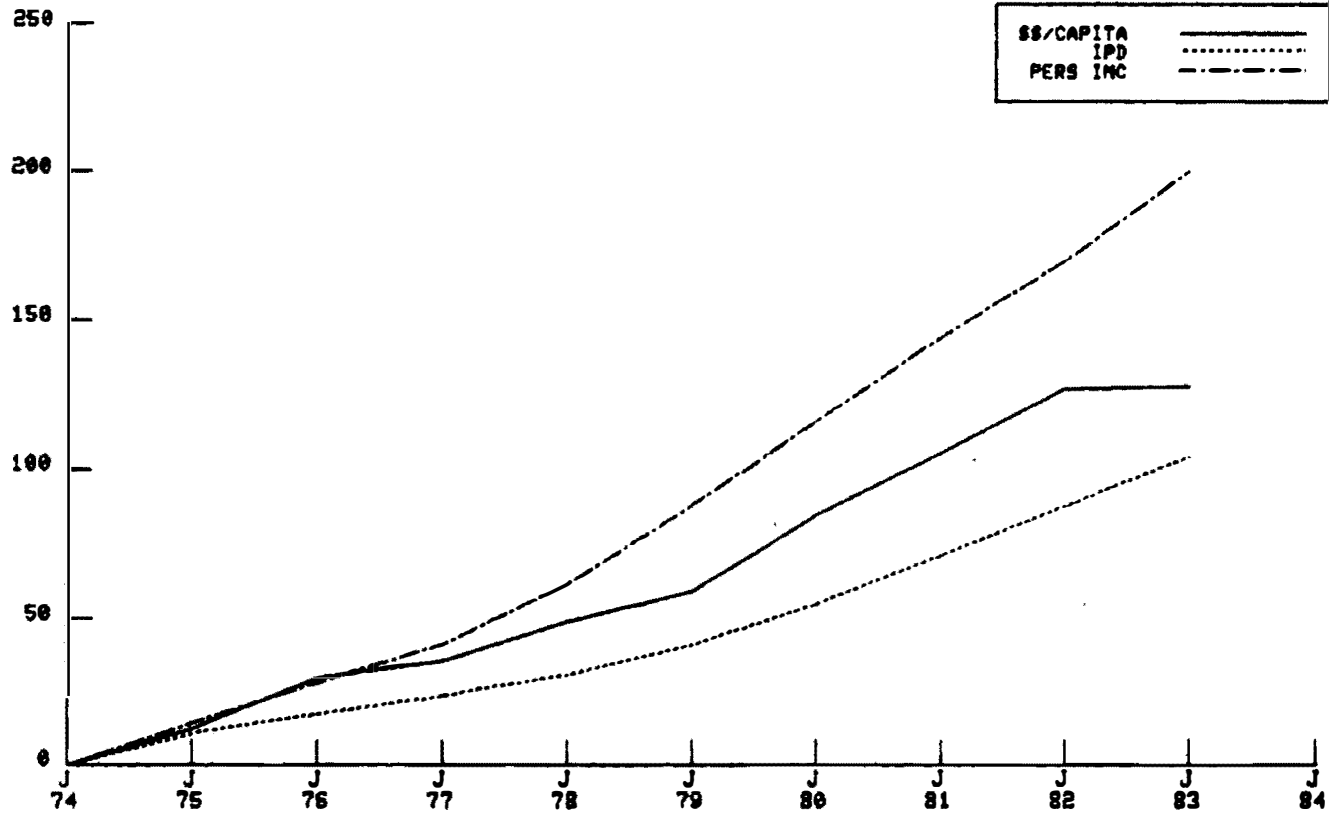
<b>1981-83 TOTAL (REVISED)</b>	<b>7,016 100%</b>
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\* COMPENSATION INCREASES ARE DISTRIBUTED TO FUNCTIONAL AREAS

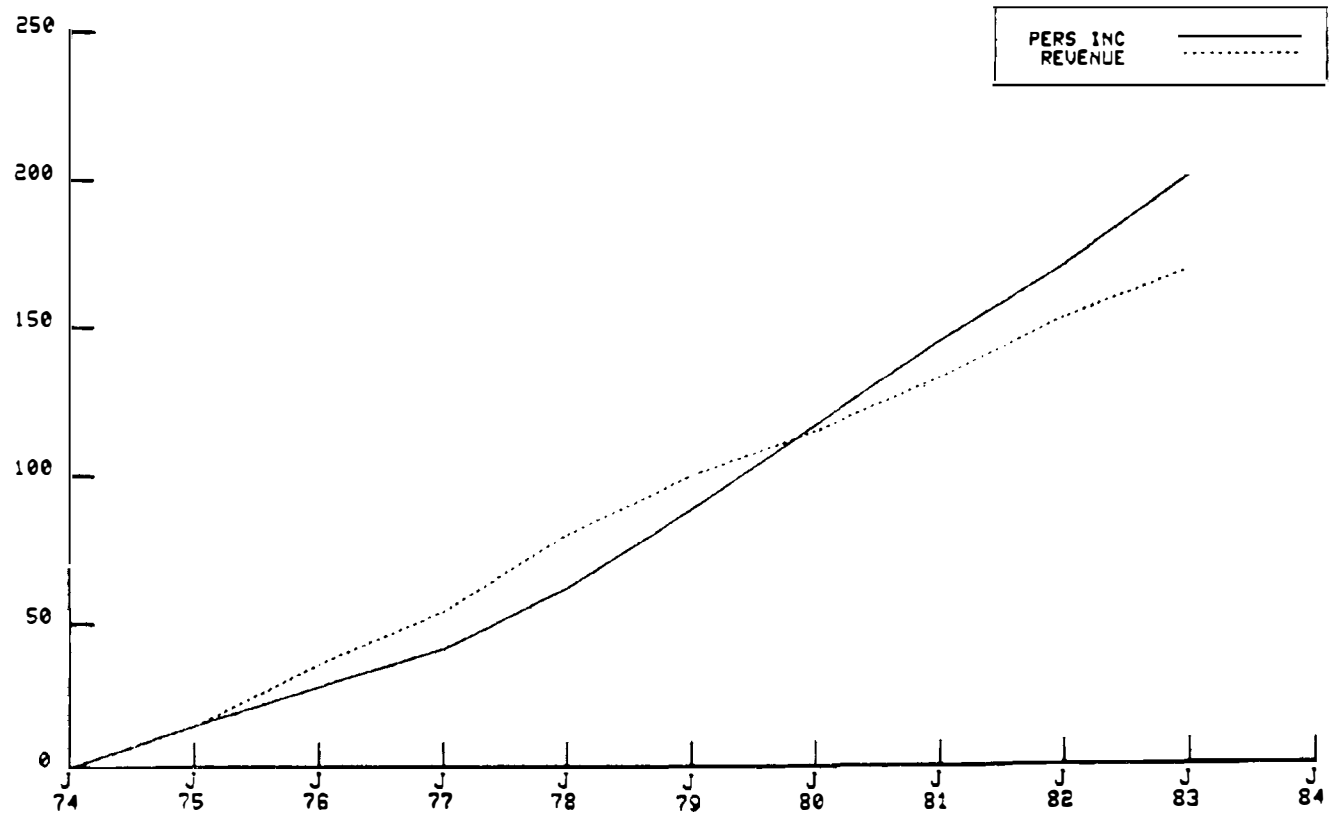
## General Growth Comparison - \$\$ Per Capita, Implicit Price Deflator, Personal Income

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
\$\$/CAPITA		12.28	29.84	35.36	49.05	59.80	85.64	106.08	127.75	128.17
IPD		10.58	17.27	23.51	30.83	41.14	55.15	71.52	88.25	104.61
PERS INC		14.37	28.15	41.22	61.88	88.63	116.59	144.78	170.05	200.12



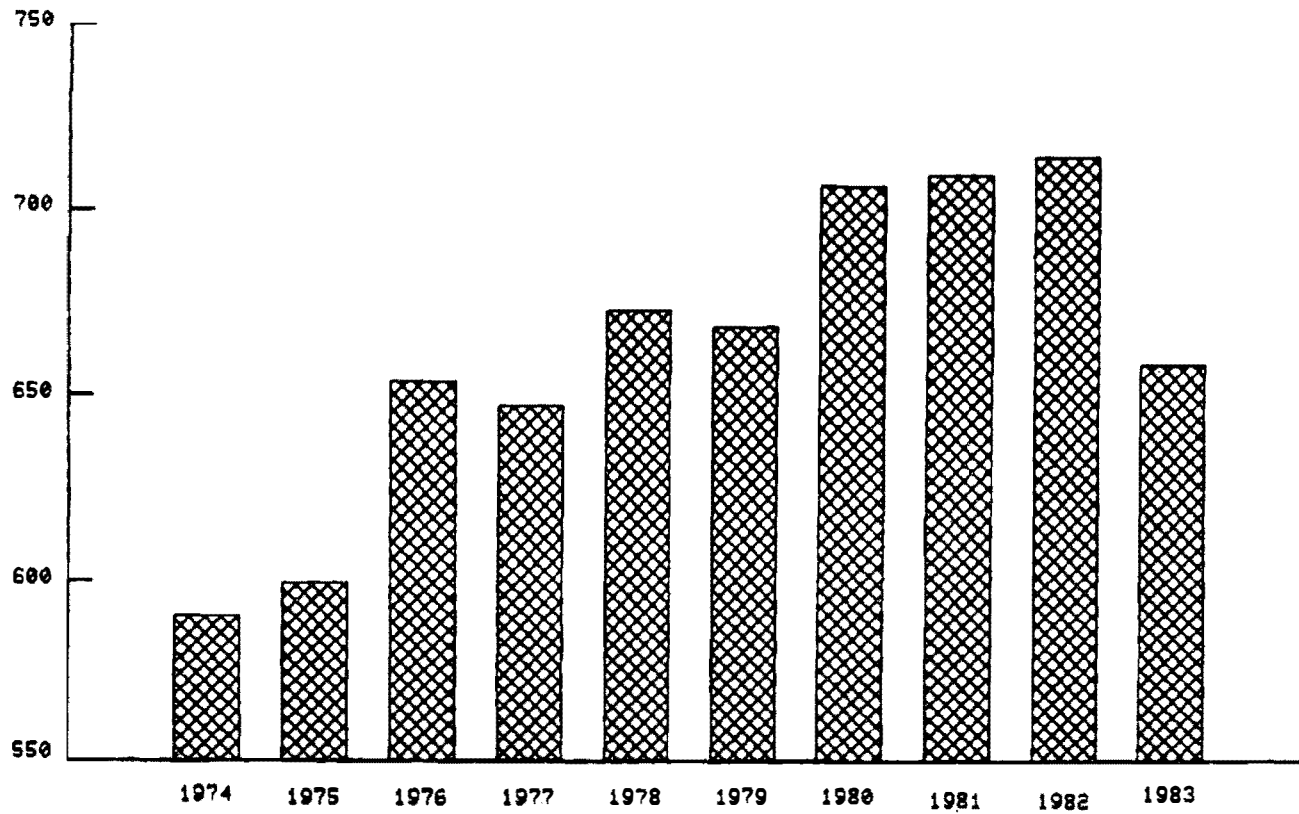
## Percent Growth Comparison - Personal Income Versus State Revenue

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
PERS INC		14.37	28.15	41.22	61.88	88.63	116.59	144.78	170.05	200.12
REVENUE		14.28	35.91	54.16	80.06	99.93	114.50	132.30	152.39	168.65



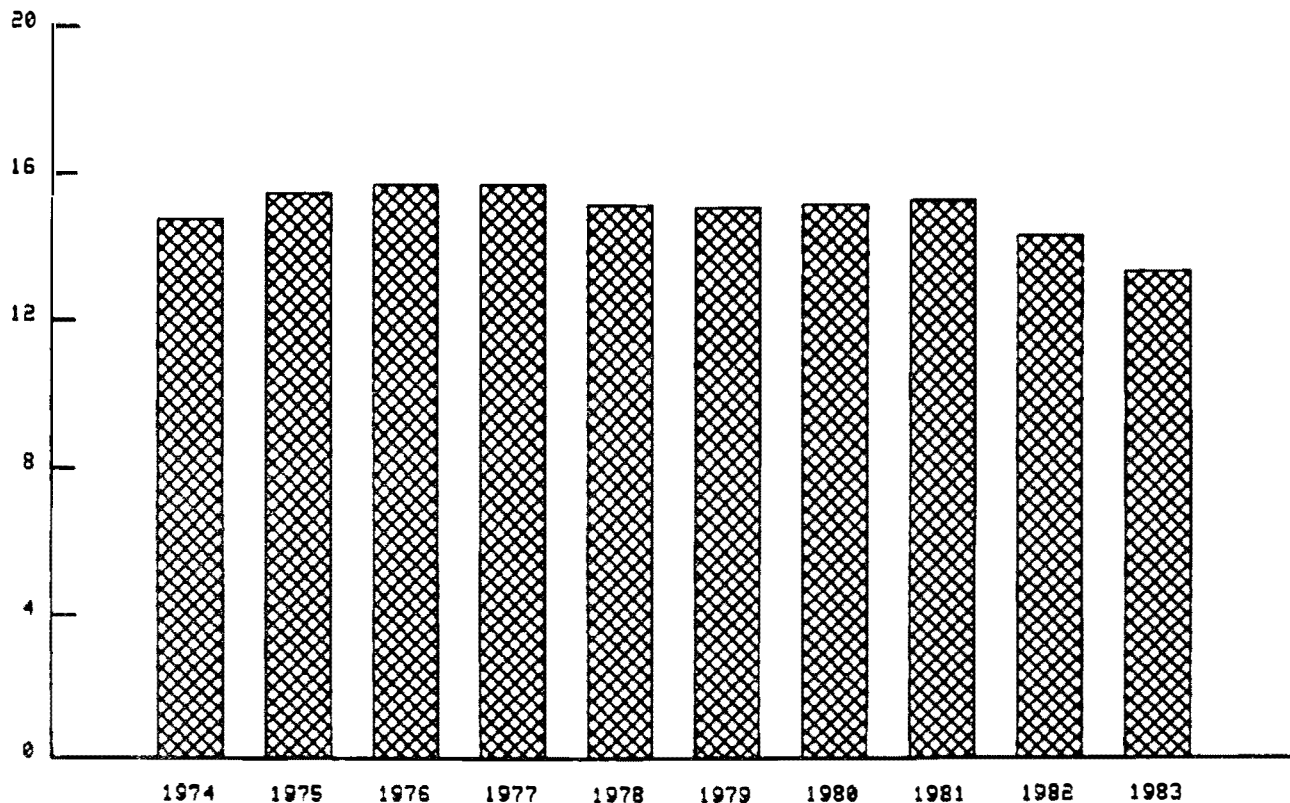
Per Capita Expenditures - Total All Funds - FY 1974 Constant Dollars (IPD)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
\$/CAPITA	591	600	654	647	673	669	707	710	715	659



## State Employees Per 1000 Population

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
FTE/1000 POP	14.8	15.5	15.7	15.7	15.1	15.1	15.2	15.3	14.3	13.3
FTE*	51788	55149	57038	58281	58028	59914	62591	64646	62000	59000
POPULATION	3508700	3567900	3634900	3715400	3836200	3979200	4130200	4232700	4329600	4421100



NOTE: ASSUMES REDUCTIONS IN STATE EMPLOYEES COMMENSURATE WITH GENERAL BUDGET REDUCTIONS.

\* Full-time equivalents

### SUMMARY

The original 1981-83 biennial operating budget for the State of Washington was adopted at \$12.1 billion. General fund-state dollars supported approximately \$6.9 billion of the total appropriation. Another \$1.8 billion in expenditures was supported by federal fund sources for a total general fund appropriation of \$8.7 billion. Budget reductions adopted by the Legislature during the 1981 Second Special Session have reduced the total budget by some \$350 million to \$11.8 billion.

Facing a shortfall of general fund revenues of approximately \$730 million, the Legislature found it necessary to revise the original 1981-83 budget by reducing state general fund spending by \$284 million and increasing tax revenues by \$563 million. It was also necessary to offset a \$52.4 million common school construction fund revenue shortfall. Adding to this state's fiscal problems were federal budget reductions of nearly \$400 million. Most of these federal reductions have not been restored.

While revising expenditure plans to live within estimated revenues, the Legislature attempted to (1) continue to provide high level educational programs at all levels, (2) ensure that the essential needs of the socially and physically disadvantaged are met, and (3) reduce or eliminate those programs whose operations least affect the needs of the citizens of this state.



## SENATE AND HOUSE OF REPRESENTATIVES

- The budget levels of both the Senate and House of Representatives reflect a 10 percent cut from original appropriations.

## COMPENSATION

A salary adjustment of 7 percent for all employee groups during the second year of the 1981-82 biennium will be provided four months later than planned. Increased contributions for employee insurance programs will begin as originally planned on July 1, 1982.

Salaries

- State employee salaries will be increased by 7 percent effective February 1, 1983.
- K-12 employee salaries will be increased an average of 6.84 percent effective January 1, 1983.

Employee Health Insurance

- Current rate, per employee, per month      \$121
- Effective 7-1-82                                      \$137

## EXECUTIVE BRANCH AGENCIES

1981-82 appropriations for general government agencies have been reduced by 10.1 percent, with exceptions made for those programs deemed critical by the Legislature. Revenue-producing functions were left intact as well as distributions to localities. The following are exceptions to the general reduction:

- Agency Financial Reporting System (Office of Financial Management). Projected for completion this biennium, the AFRS' exemption is predicated on the increased accuracy and timeliness of fiscal information that is expected to result from its implementation. The current fiscal crisis facing Washington might have been detected earlier had such a system already been in place.

- Audit Program (Department of Revenue). \$2.4 million has been added to expand the department's in-state and out-of-state audit capabilities. As a result of this action, revenue collections should increase by \$19 million during the current biennium.
- Corporate Licensing Division (Secretary of State). Under existing law, the Secretary of State is responsible for annual corporate registration and licensing fee collection. A 10.1 percent reduction to the agency would have substantially increased an existing backlog.
- Municipal Research Council. No reduction was made to the Municipal Research Council's appropriation. The Legislature recognized that the services provided to cities and towns in areas such as personnel management, public works, land use planning and administration were in higher demand due to a sluggish economy.
- State Auditor. Reductions will be made to the municipal corporations revolving fund charges. The State Auditor and the Legislature recognized that reductions in local billings for audit costs would help alleviate some of the financial burdens facing local governments.

Included in the 10.1 percent general reduction, the Legislature required:

- A 30 percent reduction in all state general fund supported travel and subsistence.
- A moratorium, for the balance of the biennium, on all remodeling, expansion, or relocation of state office facilities.

Human resource programs were reduced by a total of \$116 million (3.4 percent) including federal budget cuts. Every effort was made to minimize the impact of budget reductions on those programs serving the most needy and disadvantaged. The vast majority of reductions in the Department of Social and Health Services relates specifically to vendor rate increase deferrals comparable to state employee salary increase deferrals and nonfunding of the previously federally funded Indochinese refugee program.

#### JUVENILE REHABILITATION

- Further consolidates community programs by including \$1 million to fund diversion programs.
- Reduces technical assistance and other administrative costs.
- Continues to provide community diagnostic services for committed juvenile offenders.

#### MENTAL HEALTH

- Provides full funding for Eastern and Western State Hospitals.
- Continues full funding for the Portal program which serves the chronically mentally ill.
- Places a lid on county administrative costs for the community mental health programs.
- Continues funding for 40 children's long-term treatment beds.

#### DEVELOPMENTAL DISABILITIES

- Continues funding of the schools for the deaf and blind.
- Continues funding for implementation of the medically fragile children's program.
- Does not reduce direct services to developmentally disabled clients.

### NURSING HOMES

- The budget continues to provide for a reimbursement for nursing homes at a level higher than the previous biennium.
- Enhancements for nursing home staff retention are continued in the second year.
- Adjusts reimbursement rate increases consistent with revised inflation projections.

### INCOME MAINTENANCE

- Programs and levels of assistance established in the biennial budget are continued.
- Caseloads have been adjusted to reflect revised projections.
- Reflects mandatory federal changes in the public assistance programs.

### • COMMUNITY SOCIAL SERVICES

- Emphasis is provided to continue to provide essential life support services for children, the aged and needy clients.
- Senior Citizen Services program is maintained at 96 percent of original funding.
- Additional funding is provided for Chore Services to reduce waiting lists.
- Increases state funding to offset loss of federal funds in critical programs.

MEDICAL ASSISTANCE

- In conjunction with the Income Maintenance program, continues basic programs and level of medical support.
- Reflects revised caseload projections and mandatory federal changes in assistance programs.
- Adjusts vendor rates consistent with revised inflation projections.

VOCATIONAL REHABILITATION

- Changes fees for certification/accreditation.
- Reduces the number of small state offices without reducing direct services to clients.

ADMINISTRATION AND SUPPORT SERVICES

- Management improvements are implemented to coincide with revisions in other program areas.
- Overhead staff reductions are implemented.
- Staffing is enhanced in revenue producing areas.
- Time for implementation of integrated systems development project is extended.

COMMUNITY SERVICES ADMINISTRATION

- Continues sufficient staffing levels to ensure prompt processing of clients.
- Discontinues DSHS involvement in adoption services except for hard-to-place children.
- Adjusts staffing levels consistent with mandatory federal program revision.
- Reduces regulatory and licensing functions.

### DEPARTMENT OF CORRECTIONS

- \$4.9 million reserve is established for population overrun in correctional facilities.
- College courses for prison inmates are reduced.
- McNeil Island funding is increased.
- Free tobacco for inmates is prohibited.

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## Natural Resources Highlights

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Natural Resources agencies state general fund appropriation levels were reduced by 10.1 percent with the exception of the State Energy Office, which was reduced 15 percent. The Department of Commerce and Economic Development was reduced by 10 percent but received an additional \$5 million to expand tourism and industrial development programs.

- The State Parks appropriation reduction will not result in full closure of any park. The campsite reservation system will continue in the most heavily used parks.
- The Department of Natural Resources appropriation reduction will not affect the forest fire control program.
- The Department of Fisheries appropriation reduction will result in a 14 percent reduction in salmon production. Through the use of a selective elimination process, the catch in Washington waters will be reduced by not more than 5 percent.
- The Department of Agriculture appropriation reduction will continue brucellosis control activities at the level provided in the 1979-81 biennium. Although inspection levels will be affected, the safety standards for the state's meat products, dairy foods, and other foods will remain at the current high levels.

**TRANSPORTATION**

A general budget reduction of transportation agencies has not been imposed. General fund appropriations to the Department of Transportation, primarily for mass transit planning assistance, the State Patrol, and the Department of Licensing were reduced by 10 percent.



## STATE COMMON SCHOOLS (K-12)

This budget, as a proportion of all program expenditures, requires the largest expenditures of general fund-state dollars. As such, the Legislature has worked toward establishing controls on various cost components while maintaining its commitment to funding basic education. Enrollment levels of 715,400 students for 1981-82 and 713,300 for 1982-83 are assumed in the budget.

- Total net reduction of state support amounts to \$112 million, or 3.4 percent; \$30.1 million, or .9 percent, are program adjustments. Salary, enrollment and inflationary adjustment comprise the remainder.
- Revises transportation reimbursement percentage from 78 percent for the biennium to 71 percent in 1981-82 and 55 percent in 1982-83.
- Reduces state funded enrollment in vocational technical institutes by 14 percent, which is comparable to reductions in community colleges.
- Modifies staffing ratios in the handicapped program, decreasing certificated staff and increasing classified instructional support.
- Reduces administrative costs of the Office of Superintendent of Public Instruction and Educational Service District by 10 percent.
- Restores \$52.4 million of general fund state dollars to offset common school construction fund revenue shortfall.

## HIGHER EDUCATION

The 1981-83 budget for higher education implements several new approaches to funding higher education. Major among these is the equalization of formula support for instruction at all institutions. Further, the merit pay pool for faculty and staff to encourage excellence in teaching has been maintained.

- Maintains student enrollments budgeted for the 1981-83 biennium.

U of W	31,000	CWU	5,900
WSU	16,500	TESC	2,500
EWU	6,800	WWU	9,100
CC's	92,000		

- Overall budget reduction of \$54.5 million, or 5 percent of all funds.
- After legislative adjustments, total appropriations for higher education are still increased by 14 percent over the previous biennium.
- Assumes 50 percent of off-campus courses will be offered on a self-supporting basis.
- Maximum administrative flexibility is provided institutions for accommodating budget reductions through agency level budget appropriations.
- Student financial aid is increased by 16 percent over the previous biennium and \$17.6 million in financial assistance is available.

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**Operating Budget Veto Summary**

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**1. General Provision - Restraint on Remodeling****(SHB 811, C14 L81 E2. See Veto Message)**

The Governor vetoed Section 1 which prohibited any remodeling, refurbishing, etc. of any state facility unless the obligation for expenditures was incurred prior to January 22, 1981. The veto was based on legislative preemption of executive authority.

**2. General Provision - Restraint on Deputy Director Positions**

The Governor vetoed Section 2 which prohibited the expenditure of funds for any position of deputy director not in existence prior to January 1, 1981. The Governor stated this would possibly interfere with state agency reorganization and could be handled by the executive branch on a case-by-case basis.

**3. For the Governor - Special Appropriations  
K-12 Salary and Compensation Increases**

The Governor vetoed Sections 15 and 76(11) which placed the \$35,000 lid on the 7.0 percent salary increases to be given on February 1, 1983. The Governor's position was that this lid would be detrimental to the retention or attraction of competent managerial or professional staff. In addition, he felt that this salary increase should be applied to all state employees rather than in a discriminatory fashion.

**4. Attorney General**

Section 23 of the legislative budget reduced the general fund-state and legal services revolving fund appropriations for the Attorney General by 10.1 percent. In the face of budgetary cutbacks and generally increasing litigation rates, the Governor was concerned with the Attorney General's ability to respond to agencies' legal services needs. His veto restores the agency's budget to the level authorized in the 1981-83 budget, with the understanding that the Attorney General will reduce his general fund-state expenditures by 5 percent.

**5. General Provision - Travel Reductions**

Section 24(6) and Sections 83, 84, 85, 86, 87, 88, 89 and 90 contained specific percentage requirements by which state agencies and institutions of higher education were to reduce state general fund supported expenditures for travel and per diem. The Governor has vetoed these specific, fixed percentage rates of reduction and has issued an Executive Order calling for agency managers to establish stringent controls to ensure that all in-state and out-of-state travel is necessary to carry out the most important of each agency's responsibilities.

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## Operating Budget Veto Summary

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### 6. Department of Revenue

In Section 28(5), the Legislature sought to specify the amount of spending authority and number of FTE's provided for the Department of Revenue's expanded tax recovery program. The Governor's veto corrects a technical error which unintentionally limited the number of new hires in 1983 to 32.75 staff years rather than the 50 assumed by the \$2.4 million funding level.

### 7. Department of Social and Health Services

The veto of the last sentence of Section 41(2) removes the Legislature's involvement in the approval of transfers for the Department of Social and Health Services. The veto of this sentence allows the Department to have full transfer authority within and between authorized programs based solely upon the approval of the Office of Financial Management.

### 8. Department of Corrections

The veto of Section 42(2)(b)(ix) will allow the Department of Corrections to continue to provide tobacco products to inmates in state correctional institutions based upon current policy. This will eliminate the requirement that the Department establish a policy for issuance of tobacco products based upon a merit or work-related program.

### 9. Department of Ecology

Section 65 contained a \$2,036,000 (10.1 percent) reduction of the 1981-83 state general fund appropriation to the Department of Ecology and a prohibition, in subsection (7), of the use of state funds for a Metro sewer outfall into Puget Sound south of Duwamish Head. The effect of the Governor's veto of Section 65 is to eliminate the restriction against the use of state funds for a sewer outfall into Puget Sound south of Duwamish Head and to restore the Department's state general fund appropriation to the level authorized in the 1981-83 budget. The Governor stated that he would achieve the same expenditure reduction level through executive allotment control.

10. Department of Natural Resources - Honor Camps

Section 71(2) contained an improperly worded amendment which attempted to reduce by 10 percent the state general fund appropriation to correctional honor camps. The effect of the amendment would have been to restrict the use of all funds supporting honor camps, including those from nonstate general fund sources. This would have provided inadequate funding to operate the honor camps through the remainder of the biennium. The Governor's veto of subsection (2) corrected this problem.

11. Superintendent of Public Instruction -- Handicapped Program

Section 80 contained an inconsistent internal reference to a section of the original Appropriations Act (SSB 3636) which was corrected by this veto.