

SEVENTEENTH DAY

MORNING SESSION

Senate Chamber, Olympia, Friday, June 28, 2013

The Senate was called to order at 10:00 a.m. by President Owen. The Secretary called the roll and announced to the President that all Senators were present with the exception of Senator Kline.

The Sergeant at Arms Color Guard consisting of Senate Staff Carolyn Busch and Erich Ebel, presented the Colors. Senator Shin offered the prayer.

MOTION

On motion of Senator Fain, the reading of the Journal of the previous day was dispensed with and it was approved.

MOTION

At 10:06 a.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

AFTERNOON SESSION

The Senate was called to order at 12:36 p.m. by President Owen.

MOTION

There being no objection, the Senate advanced to the first order of business.

REPORTS OF STANDING COMMITTEES

June 28, 2013

SB 5367 Prime Sponsor, Senator Honeyford: Concerning Yakima river basin water resource management. Reported by Committee on Ways & Means

MAJORITY recommendation: That Second Substitute Senate Bill No. 5367 be substituted therefor, and the second substitute bill do pass. Signed by Senators Hill, Chair; Honeyford, Capital Budget Chair; Baumgartner, Vice Chair; Bailey; Becker; Braun; Conway; Dammeier; Fraser; Hargrove, Ranking Member; Hatfield; Hewitt; Nelson, Assistant Ranking Member; Padden; Parlette; Ranker; Rivers; Schoesler and Tom.

Passed to Committee on Rules for second reading.

June 28, 2013

SB 5882 Prime Sponsor, Senator Hill: Relating to revenue. Reported by Committee on Ways & Means

MAJORITY recommendation: That Substitute Senate Bill No. 5882 be substituted therefor, and the substitute bill do pass. Signed by Senators Hill, Chair; Honeyford, Capital Budget Chair; Baumgartner, Vice Chair; Bailey; Becker; Braun; Dammeier; Hargrove, Ranking Member; Hatfield; Hewitt; Keiser; Kohl-Welles; Nelson, Assistant Ranking Member; Parlette; Ranker; Rivers and Schoesler.

Passed to Committee on Rules for second reading.

MOTION

On motion of Senator Fain, the rules were suspended and the measures listed on the Standing Committee report were referred to the committees as designated.

MOTION

At 12:37 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 2:40 p.m. by President Owen.

MOTION

On motion of Senator Fain, the Senate advanced to the fourth order of business.

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:

The House has passed:

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5157,

SUBSTITUTE SENATE BILL NO. 5679,

SUBSTITUTE SENATE BILL NO. 5718,

SUBSTITUTE SENATE BILL NO. 5804,

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:

The House has passed:

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5912,

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:

The House has passed:

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1954,

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:
The House has passed:
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1955,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:
The House has passed:
SECOND ENGROSSED SECOND SUBSTITUTE HOUSE
BILL NO. 1971,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:
The House has passed:
ENGROSSED HOUSE BILL NO. 1450,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:
The House has passed:
HOUSE BILL NO. 2043,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:
The House concurred in the Senate amendment to ENGROSSED
HOUSE BILL NO. 2068 and passed the bill as amended by the
Senate.
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:
The House has passed:
HOUSE BILL NO. 2044,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:
The House has passed:
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2051,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:
The House has passed:
ENGROSSED SUBSTITUTE SENATE BILL NO. 5913,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

On motion of Senator Fain, the Senate advanced to the fifth
order of business.

INTRODUCTION AND FIRST READING

SB 5950 by Senators Roach, Benton and Sheldon

AN ACT Relating to requiring payment for costs of
incarceration; and amending RCW 9.94A.760 and 10.01.160.

Referred to Committee on Law & Justice.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

E2SHB 1872 by House Committee on Appropriations
(originally sponsored by Representatives Maxwell, Dahlquist,
Lytton, Sullivan, McCoy, Upthegrove, Bergquist, Seaquist,
Morrell, Wylie, Goodman, Ryu, Tarleton, Tharinger, Springer,
Stonier, Jinkins, Orwall, Pollet, Fey, Hansen, Lias and Freeman)

AN ACT Relating to establishing a comprehensive initiative
to increase learning opportunities and improve educational
outcomes in science, technology, engineering, and
mathematics through multiple strategies and statewide
partnerships; amending RCW 28B.77.020 and 28A.290.010;
adding a new chapter to Title 28A RCW; and recodifying
RCW 28A.300.515, 28A.630.065, 28A.630.066,
28A.700.120, 28A.625.200, 28A.625.210, 28A.625.220,
28A.625.230, and 28A.625.240.

Referred to Committee on Early Learning & K-12 Education.

ESHB 1954 by House Committee on Transportation
(originally sponsored by Representatives Clibborn, Moscoso,
Fey, Ryu, Riccelli, Farrell, Lias, Pollet, Ormsby, Tarleton,
Roberts, Wylie, Morris, Bergquist and Moeller)

AN ACT Relating to transportation revenue; amending RCW
82.36.025, 82.38.030, 46.68.090, 46.68.090, 46.10.530,
79A.25.070, 46.17.100, 46.20.293, 46.29.050, 46.68.041,
46.68.020, 46.68.280, 46.68.390, 47.76.250, 46.17.355,
46.68.035, 81.77.160, 46.17.323, 46.17.050, 46.17.060,
46.20.202, 36.73.015, 36.73.020, 36.73.065, 82.14.045,
82.80.140, 47.10.882, 47.56.894, and 47.56.892; reenacting
and amending RCW 43.84.092, 43.84.092, 46.09.520, and

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46.52.130; adding new sections to chapter 46.68 RCW; adding a new section to chapter 46.17 RCW; adding new sections to chapter 82.80 RCW; adding new sections to chapter 82.14 RCW; adding new sections to chapter 36.57A RCW; adding new sections to chapter 47.10 RCW; adding a new section to chapter 47.29 RCW; creating new sections; repealing RCW 82.36.029 and 82.38.---; repealing 2013 c 225 s 103 (uncodified); repealing 2012 c 74 s 18 (uncodified); providing effective dates; providing contingent effective dates; providing expiration dates; providing contingent expiration dates; and declaring an emergency.

Referred to Committee on Transportation.

ESHB 1955 by House Committee on Transportation (originally sponsored by Representatives Clibborn, Moscoso, Fey, Ryu, Riccelli, Farrell, Lias, Pollet, Ormsby, Tarleton, Roberts, Wylie, Morris, Bergquist and Moeller)

AN ACT Relating to additive transportation funding; amending 2013 c 306 ss 208, 214, 215, 218, 220, 223, 301, 305, 306, 307, 309, 310, 311, 401, 402, and 408 (uncodified); creating new sections; making appropriations; providing an effective date; and declaring an emergency.

Referred to Committee on Transportation.

ESHB 1957 by House Committee on Transportation (originally sponsored by Representatives Clibborn, Lias, Moscoso and Fey)

AN ACT Relating to department of transportation project delivery; amending RCW 47.01.300; adding a new section to chapter 47.04 RCW; adding a new section to chapter 47.01 RCW; providing a contingent effective date; and providing a contingent expiration date.

Referred to Committee on Transportation.

ESHB 1978 by House Committee on Transportation (originally sponsored by Representatives Zeiger, Clibborn, Orcutt, O'Ban, Hargrove, Lias, Fey, Moscoso and Morrell)

AN ACT Relating to permitting certain transportation projects; and adding a new chapter to Title 47 RCW.

Referred to Committee on Transportation.

SHB 1986 by House Committee on Transportation (originally sponsored by Representatives O'Ban, Rodne, Magendanz, Zeiger, Kristiansen, Klippert and Hayes)

AN ACT Relating to the reporting of highway construction project errors; and adding a new section to chapter 47.01 RCW.

Referred to Committee on Transportation.

HB 1988 by Representatives Rodne, Magendanz, Zeiger, Kristiansen, Hayes and O'Ban

AN ACT Relating to right-sizing transportation projects; and creating a new section.

Referred to Committee on Transportation.

HB 2079 by Representative Dunshee

AN ACT Relating to expenditures from the environmental legacy stewardship account; and amending RCW 70.105D.---

SUPPLEMENTAL INTRODUCTION AND FIRST READING OF HOUSE BILLS

EHB 1450 by Representatives Hunt and Pollet

AN ACT Relating to assessments in public schools; amending RCW 28A.655.061, 28A.655.066, 28A.655.068, 28A.655.070, 28A.305.130, 28A.655.185, 28B.105.010, 28B.105.030, and 28B.105.060; adding a new section to chapter 28A.320 RCW; creating new sections; repealing RCW 28A.655.066; and providing an effective date.

2E2SHB 1971 by House Committee on Appropriations (originally sponsored by Representatives Carlyle and Nealey)

AN ACT Relating to communications services reform; amending RCW 82.14B.040, 82.14B.042, 82.14B.030, 82.14B.200, 80.36.430, 43.20A.725, 80.36.420, 80.36.450, 80.36.460, 80.36.470, and 80.36.610; reenacting and amending RCW 82.14B.020 and 82.08.0289; adding new sections to chapter 80.36 RCW; creating new sections; repealing RCW 82.72.010, 82.72.020, 82.72.030, 82.72.040, 82.72.050, 82.72.060, 82.72.070, 82.72.080, 82.72.090, and 80.36.600; prescribing penalties; providing effective dates; providing expiration dates; and declaring an emergency.

HB 2043 by Representatives Hunter and Sullivan

AN ACT Relating to temporarily suspending inflationary increases in educational employee compensation; amending RCW 28A.400.205, 28B.50.465, 28B.50.468, and 28A.405.415; providing an effective date; and declaring an emergency.

HB 2044 by Representatives Hunter and Sullivan

AN ACT Relating to delaying the implementation of the family leave insurance program until funding and payment of benefits are authorized in law; and amending RCW 49.86.030 and 49.86.210.

ESHB 2051 by House Committee on Appropriations (originally sponsored by Representatives Lytton, Hunter, Sullivan, Maxwell and Pollet)

AN ACT Relating to implementation of basic education expenditures; amending RCW 28A.150.220, 28A.180.030, 28A.180.040, 82.16.020, and 82.18.040; reenacting and amending RCW 43.135.045 and 82.45.060; creating a new section; providing effective dates; and declaring an emergency.

MOTION

On motion of Senator Fain, all measures listed on the Introduction and First Reading and Supplemental Introduction and First Reading report were referred to the committees as designated with the exception of House Bill No. 2079; Engrossed House Bill No. 1450; Second Engrossed Second Substitute House Bill No. 1971; House Bill No. 2043; House Bill No. 2044

and Engrossed Substitute House Bill No. 2051 which were placed on the second reading calendar under suspension of the rules.

MOTION

On motion of Senator Fain, the Senate reverted to the fourth order of business.

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:

The House passed SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5892 with the following amendment(s): 5892-S.E2 AMH ENGR H2702.E

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 9.94A.517 and 2002 c 290 s 8 are each amended to read as follows:

(1)

TABLE 3

DRUG OFFENSE SENTENCING GRID

Seriousness Level	Offender Score 0 to 2	Offender Score 3 to 5	Offender Score 6 to 9 or more
III	51 to 68 months	68+ to 100 months	100+ to 120 months
II	12+ to 20 months	20+ to 60 months	60+ to 120 months
I	0 to 6 months	6+ to (48) <u>12</u> months	12+ to 24 months

References to months represent the standard sentence ranges. 12+ equals one year and one day.

(2) The court may utilize any other sanctions or alternatives as authorized by law, including but not limited to the special drug offender sentencing alternative under RCW 9.94A.660 or drug court under RCW 2.28.170.

(3) Nothing in this section creates an entitlement for a criminal defendant to any specific sanction, alternative, sentence option, or substance abuse treatment.

Sec. 2. RCW 9.94A.729 and 2011 1st sp.s. c 40 s 4 are each amended to read as follows:

(1)(a) The term of the sentence of an offender committed to a correctional facility operated by the department may be reduced by earned release time in accordance with procedures that shall be developed and adopted by the correctional agency having jurisdiction in which the offender is confined. The earned release time shall be for good behavior and good performance, as determined by the correctional agency having jurisdiction. The correctional agency shall not credit the offender with earned release credits in advance of the offender actually earning the credits.

(b) Any program established pursuant to this section shall allow an offender to earn early release credits for presentence incarceration. If an offender is transferred from a county jail to the department, the administrator of a county jail facility shall certify to the department the amount of time spent in custody at the facility and the ~~((amount))~~ number of days of ~~((earned))~~ early release ~~((time))~~ credits lost or not earned. The department may approve a jail certification from a correctional agency that calculates ~~((earned))~~ early release time based on the actual amount of confinement time served by the offender before sentencing when an erroneous calculation of confinement time served by the offender before sentencing appears on the judgment and sentence. The

department must adjust an offender's rate of early release listed on the jail certification to be consistent with the rate applicable to offenders in the department's facilities. However, the department is not authorized to adjust the number of presentence early release days that the jail has certified as lost or not earned.

(2) An offender who has been convicted of a felony committed after July 23, 1995, that involves any applicable deadly weapon enhancements under RCW 9.94A.533 (3) or (4), or both, shall not receive any good time credits or earned release time for that portion of his or her sentence that results from any deadly weapon enhancements.

(3) An offender may earn early release time as follows:

(a) In the case of an offender convicted of a serious violent offense, or a sex offense that is a class A felony, committed on or after July 1, 1990, and before July 1, 2003, the aggregate earned release time may not exceed fifteen percent of the sentence.

(b) In the case of an offender convicted of a serious violent offense, or a sex offense that is a class A felony, committed on or after July 1, 2003, the aggregate earned release time may not exceed ten percent of the sentence.

(c) An offender is qualified to earn up to fifty percent of aggregate earned release time if he or she:

(i) Is not classified as an offender who is at a high risk to reoffend as provided in subsection (4) of this section;

(ii) Is not confined pursuant to a sentence for:

(A) A sex offense;

(B) A violent offense;

(C) A crime against persons as defined in RCW 9.94A.411;

(D) A felony that is domestic violence as defined in RCW 10.99.020;

(E) A violation of RCW 9A.52.025 (residential burglary);

(F) A violation of, or an attempt, solicitation, or conspiracy to violate, RCW 69.50.401 by manufacture or delivery or possession with intent to deliver methamphetamine; or

(G) A violation of, or an attempt, solicitation, or conspiracy to violate, RCW 69.50.406 (delivery of a controlled substance to a minor);

(iii) Has no prior conviction for the offenses listed in (c)(ii) of this subsection;

(iv) Participates in programming or activities as directed by the offender's individual reentry plan as provided under RCW 72.09.270 to the extent that such programming or activities are made available by the department; and

(v) Has not committed a new felony after July 22, 2007, while under community custody.

(d) In no other case shall the aggregate earned release time exceed one-third of the total sentence.

(4) The department shall perform a risk assessment of each offender who may qualify for earned early release under subsection (3)(c) of this section utilizing the risk assessment tool recommended by the Washington state institute for public policy. Subsection (3)(c) of this section does not apply to offenders convicted after July 1, 2010.

(5)(a) A person who is eligible for earned early release as provided in this section and who will be supervised by the department pursuant to RCW 9.94A.501 or 9.94A.5011, shall be transferred to community custody in lieu of earned release time;

(b) The department shall, as a part of its program for release to the community in lieu of earned release, require the offender to propose a release plan that includes an approved residence and living arrangement. All offenders with community custody terms eligible for release to community custody in lieu of earned release shall provide an approved residence and living arrangement prior to release to the community;

(c) The department may deny transfer to community custody in lieu of earned release time if the department determines an

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offender's release plan, including proposed residence location and living arrangements, may violate the conditions of the sentence or conditions of supervision, place the offender at risk to violate the conditions of the sentence, place the offender at risk to reoffend, or present a risk to victim safety or community safety. The department's authority under this section is independent of any court-ordered condition of sentence or statutory provision regarding conditions for community custody;

(d) If the department is unable to approve the offender's release plan, the department may do one or more of the following:

(i) Transfer an offender to partial confinement in lieu of earned early release for a period not to exceed three months. The three months in partial confinement is in addition to that portion of the offender's term of confinement that may be served in partial confinement as provided in RCW 9.94A.728(5);

(ii) Provide rental vouchers to the offender for a period not to exceed three months if rental assistance will result in an approved release plan. The voucher must be provided in conjunction with additional transition support programming or services that enable an offender to participate in services including, but not limited to, substance abuse treatment, mental health treatment, sex offender treatment, educational programming, or employment programming;

(e) For each offender who is the recipient of a rental voucher, the department shall include, concurrent with the data that the department otherwise obtains and records, the housing status of the offender for the duration of the offender's supervision.

(6) An offender serving a term of confinement imposed under RCW 9.94A.670(5)(a) is not eligible for earned release credits under this section.

Sec. 3. RCW 9.92.151 and 2009 c 28 s 3 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, the sentence of a prisoner confined in a county jail facility for a felony, gross misdemeanor, or misdemeanor conviction may be reduced by earned release credits in accordance with procedures that shall be developed and promulgated by the correctional agency having jurisdiction. The earned early release time shall be for good behavior and good performance as determined by the correctional agency having jurisdiction. Any program established pursuant to this section shall allow an offender to earn early release credits for presentence incarceration. The correctional agency shall not credit the offender with earned early release credits in advance of the offender actually earning the credits. In the case of an offender convicted of a serious violent offense or a sex offense that is a class A felony committed on or after July 1, 1990, the aggregate earned early release time may not exceed fifteen percent of the sentence. In no other case may the aggregate earned early release time exceed one-third of the total sentence.

(2) An offender serving a term of confinement imposed under RCW 9.94A.670(5)(a) is not eligible for earned release credits under this section.

(3) If an offender is transferred from a county jail to the department, the administrator of a county jail facility shall certify to the department the amount of time spent in custody at the facility and the number of days of early release credits lost or not earned.

NEW SECTION. Sec. 4. Pursuant to RCW 9.94A.729, the department shall recalculate the earned release date for any offender currently serving a term in a facility or institution either operated by the state or utilized under contract. The earned release date shall be recalculated whether the offender is currently incarcerated or is sentenced after the effective date of this section, and regardless of the offender's date of offense. For offenders whose offense was committed prior to the effective date of this section, the recalculation shall not extend a term of incarceration beyond that to which an offender is currently subject.

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NEW SECTION. Sec. 5. (1)(a) The department must, in consultation with the caseload forecast council, compile the following information in summary form for the two years prior to and after the effective date of this section: For offenders sentenced under RCW 9.94A.517 for a seriousness level I offense where the offender score is three to five: (A) The total number of sentences and the average length of sentence imposed, sorted by sentences served in state versus local correctional facilities; (B) the number of current and prior felony convictions for each offender; (C) the estimated cost or cost savings, total and per offender, to the state and local governments from the change to the maximum sentence pursuant to RCW 9.94A.517(1); and (D) the number of offenders who were sentenced to community custody, the number of violations committed on community custody, and any sanctions imposed for such violations.

(b) The department must submit a report with its findings to the office of financial management and the appropriate fiscal and policy committees of the house of representatives and the senate by January 1, 2015, and January 1, 2018.

(2) For purposes of this section, "department" means the department of corrections.

NEW SECTION. Sec. 6. The legislature declares that section 4 of this act does not create any liberty interest. The department is authorized to take the time reasonably necessary to complete the recalculations of section 4 of this act after the effective date of this section.

NEW SECTION. Sec. 7. Section 1 of this act applies to sentences imposed on or after July 1, 2013, regardless of the date of offense.

NEW SECTION. Sec. 8. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 9. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2013.

NEW SECTION. Sec. 10. Sections 1 and 5 of this act expire July 1, 2018."

Correct the title.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

Senator Hargrove moved that the Senate concur in the House amendment(s) to Second Engrossed Substitute Senate Bill No. 5892.

Senator Hargrove spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Hargrove that the Senate concur in the House amendment(s) to Second Engrossed Substitute Senate Bill No. 5892.

The motion by Senator Hargrove carried and the Senate concurred in the House amendment(s) to Second Engrossed Substitute Senate Bill No. 5892 by voice vote.

MOTION

On motion of Senator Billig, Senator Kline was excused.

The President declared the question before the Senate to be the final passage of Second Engrossed Substitute Senate Bill No. 5892, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Second Engrossed Substitute Senate Bill No. 5892, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 39; Nays, 9; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Billig, Braun, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Parlette, Ranker, Rolfes, Schlicher, Schoesler, Shin and Tom

Voting nay: Senators Benton, Brown, Holmquist Newbry, Padden, Pearson, Rivers, Roach, Sheldon and Smith

Excused: Senator Kline

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5892, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5157,
 SUBSTITUTE SENATE BILL NO. 5679,
 SUBSTITUTE SENATE BILL NO. 5718,
 SUBSTITUTE SENATE BILL NO. 5804,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5891,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5912.

MESSAGE FROM THE HOUSE

June 27, 2013

MR. PRESIDENT:

The House passed SENATE BILL NO. 5904 with the following amendment(s): 5904 AMH KAGI LANH 043

On page 2, beginning on line 21, strike all of section 3 and insert the following:

"**NEW SECTION. Sec. 3.** (1) During the 2013-2015 biennium, the Washington state institute for public policy shall conduct a comprehensive retrospective outcome evaluation and return on investment analysis of the early childhood program established in RCW 43.215.400. To the extent possible based on data availability, the evaluation must:

(a) Assess both short-term and long-term outcomes for participants in the program, including educational and social outcomes;

(b) Examine the impact of variables including, but not limited to, program fiscal support, staff salaries, staff retention, education level of staff, full-day programming, half-day programming, and classroom size on short-term and long-term outcomes for program participants;

(c) Report findings from a review of the research evidence on components of successful early education program strategies;

(d) Examine characteristics of parents participating in the early childhood and education assistance program; and

(e) Examine family support services provided through early childhood programs.

(2) The institute shall submit a report to the appropriate committees of the legislature by December 15, 2014.

(3) This section expires on December 31, 2014."

On page 3, line 3, after "act)," insert "43.215.143 (as recodified by this act)"

On page 4, line 1, after "43.215.141" strike "and 43.215.142" and insert ", 43.215.142, and 43.215.143"

Correct the title.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

Senator Hill moved that the Senate concur in the House amendment(s) to Senate Bill No. 5904.

Senators Hill and Billig spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Hill that the Senate concur in the House amendment(s) to Senate Bill No. 5904.

The motion by Senator Hill carried and the Senate concurred in the House amendment(s) to Senate Bill No. 5904 by voice vote.

The President declared the question before the Senate to be the final passage of Senate Bill No. 5904, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5904, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 46; Nays, 2; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schlicher, Schoesler, Sheldon, Shin and Tom

Voting nay: Senators Padden and Smith

Excused: Senator Kline

SENATE BILL NO. 5904, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Fain, the Senate advanced to the sixth order of business.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 2069, by House Committee on Appropriations (originally sponsored by Representatives Hunter and Sullivan)

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Concerning continuation of safety net benefits for persons with a physical or mental disability which makes them eligible for certain social services programs.

The measure was read the second time.

MOTION

Senator Hill moved that the following striking amendment by Senators Hill and Hargrove be adopted:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 74.62.030 and 2011 1st sp.s. c 36 s 3 are each amended to read as follows:

(1)(a) Effective November 1, 2011, the aged, blind, or disabled assistance program shall provide financial grants to persons in need who:

(i) Are not eligible to receive federal aid assistance, other than basic food benefits transferred electronically and medical assistance;

(ii) Meet the eligibility requirements of subsection (3) of this section; and

(iii) Are aged, blind, or disabled. For purposes of determining eligibility for assistance for the aged, blind, or disabled assistance program, the following definitions apply:

(A) "Aged" means age sixty-five or older.

(B) "Blind" means statutorily blind as defined for the purpose of determining eligibility for the federal supplemental security income program.

(C) "Disabled", until June 30, 2015, means a bodily or mental infirmity that will (I) likely continue for a minimum of nine months; (II) prevent the individual from currently performing work that the individual was able to perform as a substantial gainful activity within the prior ten years; and (III) is otherwise likely to meet the federal supplemental security income disability standard as determined by the department. In making this determination, the department should give full consideration to the cumulative impact of an applicant's multiple impairments, an applicant's age, and vocational and educational history.

In determining whether a person is disabled, the department may rely on, but is not limited to, the following:

~~((H))~~ (1) A previous disability determination by the social security administration or the disability determination service entity within the department; or

~~((H))~~ (2) A determination that an individual is eligible to receive optional categorically needy medicaid as a disabled person under the federal regulations at 42 C.F.R. Parts 435, Secs. 201(a)(3) and 210.

(b) The following persons are not eligible for the aged, blind, or disabled assistance program:

(i) Persons who are not able to engage in gainful employment due primarily to alcohol or drug addiction. These persons shall be referred to appropriate assessment, treatment, shelter, or supplemental security income referral services as authorized under chapter 74.50 RCW. Referrals shall be made at the time of application or at the time of eligibility review. This subsection may not be construed to prohibit the department from granting aged, blind, or disabled assistance benefits to alcoholics and drug addicts who are incapacitated due to other physical or mental conditions that meet the eligibility criteria for the aged, blind, or disabled assistance program; or

(ii) Persons for whom there has been a final determination of ineligibility for federal supplemental security income benefits.

(c) Persons may receive aged, blind, or disabled assistance benefits pending application for federal supplemental security

income benefits. The monetary value of any aged, blind, or disabled assistance benefit that is subsequently duplicated by the person's receipt of supplemental security income for the same period shall be considered a debt due the state and shall by operation of law be subject to recovery through all available legal remedies.

(2) Effective November 1, 2011, the pregnant women assistance program shall provide financial grants to persons who:

(a) Are not eligible to receive federal aid assistance other than basic food benefits or medical assistance; and

(b) Are pregnant and in need, based upon the current income and resource standards of the federal temporary assistance for needy families program, but are ineligible for federal temporary assistance for needy families benefits for a reason other than failure to cooperate in program requirements; and

(c) Meet the eligibility requirements of subsection (3) of this section.

(3) To be eligible for the aged, blind, or disabled assistance program under subsection (1) of this section or the pregnant women assistance program under subsection (2) of this section, a person must:

(a) Be a citizen or alien lawfully admitted for permanent residence or otherwise residing in the United States under color of law;

(b) Meet the income and resource standards described in section 3(1)(d) and (e) of this act;

~~(c)~~ (c) Have furnished the department his or her social security number. If the social security number cannot be furnished because it has not been issued or is not known, an application for a number shall be made prior to authorization of benefits, and the social security number shall be provided to the department upon receipt;

~~((E))~~ (d) ~~Not have~~ ~~((not))~~ refused or failed without good cause to participate in drug or alcohol treatment if an assessment by a certified chemical dependency counselor indicates a need for such treatment. Good cause must be found to exist when a person's physical or mental condition, as determined by the department, prevents the person from participating in drug or alcohol dependency treatment, when needed outpatient drug or alcohol treatment is not available to the person in the county of his or her residence or when needed inpatient treatment is not available in a location that is reasonably accessible for the person; and

~~((H))~~ (e) Not have refused or failed to cooperate in obtaining federal aid assistance, without good cause.

(4) Effective November 1, 2011, referrals for essential needs and housing support under RCW 43.185C.220 shall be provided to persons found eligible ~~((for medical care services under RCW 74.09.035 who are not recipients of alcohol and addiction services provided under chapter 74.50 RCW or are not recipients of aged, blind, or disabled assistance))~~ under section 3 of this act.

(5) No person may be considered an eligible individual for benefits under this section with respect to any month if during that month the person:

(a) Is fleeing to avoid prosecution of, or to avoid custody or confinement for conviction of, a felony, or an attempt to commit a felony, under the laws of the state of Washington or the place from which the person flees; or

(b) Is violating a condition of probation, community supervision, or parole imposed under federal or state law for a felony or gross misdemeanor conviction.

~~((6))~~ (6) The department must review the cases of all persons, except recipients of alcohol and addiction treatment under chapter 74.50 RCW, or recipients of aged, blind, or disabled assistance, who have received medical care services for twelve consecutive months, and at least annually after the first review, to determine whether they are eligible for the aged, blind, or disabled assistance program.)

Sec. 2. RCW 74.62.030 and 2013 2nd sp.s. c ... s 1 (section 1 of this act) are each amended to read as follows:

(1)(a) Effective November 1, 2011, the aged, blind, or disabled assistance program shall provide financial grants to persons in need who:

(i) Are not eligible to receive federal aid assistance, other than basic food benefits transferred electronically and medical assistance;

(ii) Meet the eligibility requirements of subsection (3) of this section; and

(iii) Are aged, blind, or disabled. For purposes of determining eligibility for assistance for the aged, blind, or disabled assistance program, the following definitions apply:

(A) "Aged" means age sixty-five or older.

(B) "Blind" means statutorily blind as defined for the purpose of determining eligibility for the federal supplemental security income program.

(C) "Disabled"((, until June 30, 2015,)) means ((a bodily or mental infirmity that will (I) likely continue for a minimum of nine months; (II) prevent the individual from currently performing work that the individual was able to perform as a substantial gainful activity within the prior ten years; and (III) is otherwise)) likely to meet the federal supplemental security income disability standard ((as determined by the department)). In making this determination, the department should give full consideration to the cumulative impact of an applicant's multiple impairments, an applicant's age, and vocational and educational history.

In determining whether a person is disabled, the department may rely on, but is not limited to, the following:

~~((+))~~ (I) A previous disability determination by the social security administration or the disability determination service entity within the department; or

~~((=))~~ (II) A determination that an individual is eligible to receive optional categorically needy medicaid as a disabled person under the federal regulations at 42 C.F.R. Parts 435, Secs. 201(a)(3) and 210.

(b) The following persons are not eligible for the aged, blind, or disabled assistance program:

(i) Persons who are not able to engage in gainful employment due primarily to alcohol or drug addiction. These persons shall be referred to appropriate assessment, treatment, shelter, or supplemental security income referral services as authorized under chapter 74.50 RCW. Referrals shall be made at the time of application or at the time of eligibility review. This subsection may not be construed to prohibit the department from granting aged, blind, or disabled assistance benefits to alcoholics and drug addicts who are incapacitated due to other physical or mental conditions that meet the eligibility criteria for the aged, blind, or disabled assistance program; or

(ii) Persons for whom there has been a final determination of ineligibility for federal supplemental security income benefits.

(c) Persons may receive aged, blind, or disabled assistance benefits pending application for federal supplemental security income benefits. The monetary value of any aged, blind, or disabled assistance benefit that is subsequently duplicated by the person's receipt of supplemental security income for the same period shall be considered a debt due the state and shall by operation of law be subject to recovery through all available legal remedies.

(2) Effective November 1, 2011, the pregnant women assistance program shall provide financial grants to persons who:

(a) Are not eligible to receive federal aid assistance other than basic food benefits or medical assistance; and

(b) Are pregnant and in need, based upon the current income and resource standards of the federal temporary assistance for needy families program, but are ineligible for federal temporary assistance

for needy families benefits for a reason other than failure to cooperate in program requirements; and

(c) Meet the eligibility requirements of subsection (3) of this section.

(3) To be eligible for the aged, blind, or disabled assistance program under subsection (1) of this section or the pregnant women assistance program under subsection (2) of this section, a person must:

(a) Be a citizen or alien lawfully admitted for permanent residence or otherwise residing in the United States under color of law;

(b) Meet the income and resource standards described in section 3(1) (d) and (e) of this act;

(c) Have furnished the department his or her social security number. If the social security number cannot be furnished because it has not been issued or is not known, an application for a number shall be made prior to authorization of benefits, and the social security number shall be provided to the department upon receipt;

(d) Not have refused or failed without good cause to participate in drug or alcohol treatment if an assessment by a certified chemical dependency counselor indicates a need for such treatment. Good cause must be found to exist when a person's physical or mental condition, as determined by the department, prevents the person from participating in drug or alcohol dependency treatment, when needed outpatient drug or alcohol treatment is not available to the person in the county of his or her residence or when needed inpatient treatment is not available in a location that is reasonably accessible for the person; and

(e) Not have refused or failed to cooperate in obtaining federal aid assistance, without good cause.

(4) Effective November 1, 2011, referrals for essential needs and housing support under RCW 43.185C.220 shall be provided to persons found eligible under section 3 of this act.

(5) No person may be considered an eligible individual for benefits under this section with respect to any month if during that month the person:

(a) Is fleeing to avoid prosecution of, or to avoid custody or confinement for conviction of, a felony, or an attempt to commit a felony, under the laws of the state of Washington or the place from which the person flees; or

(b) Is violating a condition of probation, community supervision, or parole imposed under federal or state law for a felony or gross misdemeanor conviction.

NEW SECTION. **Sec. 3.** A new section is added to chapter 74.04 RCW to read as follows:

(1) The department is responsible for determining eligibility for referral for essential needs and housing support under RCW 43.185C.220. Persons eligible are persons who:

(a) Are incapacitated from gainful employment by reason of bodily or mental infirmity that will likely continue for a minimum of ninety days. The standard for incapacity in this subsection, as evidenced by the ninety-day duration standard, is not intended to be as stringent as federal supplemental security income disability standards;

(b) Are citizens or aliens lawfully admitted for permanent residence or otherwise residing in the United States under color of law;

(c) Have furnished the department their social security number. If the social security number cannot be furnished because it has not been issued or is not known, an application for a number must be made prior to authorization of benefits, and the social security number must be provided to the department upon receipt;

(d) Have countable income as described in RCW 74.04.005 at or below four hundred twenty-eight dollars for a married couple or at or below three hundred thirty-nine dollars for a single individual;

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(e) Do not have countable resources in excess of those described in RCW 74.04.005; and

(f) Are not eligible for:

(i) The aged, blind, or disabled assistance program;

(ii) The pregnant women assistance program; or

(iii) Federal aid assistance, other than basic food benefits transferred electronically and medical assistance.

(2) The following persons are not eligible for a referral for essential needs and housing support:

(a) Persons who are unemployable due primarily to alcohol or drug addiction, except as provided in subsection (3) of this subsection. These persons must be referred to appropriate assessment, treatment, shelter, or supplemental security income referral services as authorized under chapter 74.50 RCW. Referrals must be made at the time of application or at the time of eligibility review. This subsection may not be construed to prohibit the department from making a referral for essential needs and housing report for persons who have a substance abuse addiction who are incapacitated due to other physical or mental conditions that meet the eligibility criteria for a referral for essential needs and housing support.

(b) Persons who refuse or fail to cooperate in obtaining federal aid assistance, without good cause;

(c) Persons who refuse or fail without good cause to participate in drug or alcohol treatment if an assessment by a certified chemical dependency counselor indicates a need for such treatment. Good cause must be found to exist when a person's physical or mental condition, as determined by the department, prevents the person from participating in drug or alcohol dependency treatment, when needed outpatient drug or alcohol treatment is not available to the person in the county of his or her residence or when needed inpatient treatment is not available in a location that is reasonably accessible for the person; and

(d) Persons who are fleeing to avoid prosecution of, or to avoid custody or confinement for conviction of, a felony, or an attempt to commit a felony, under the laws of the state of Washington or the place from which the person flees; or who are violating a condition of probation, community supervision, or parole imposed under federal or state law for a felony or gross misdemeanor conviction.

(3) For purposes of determining whether a person is incapacitated from gainful employment under subsection (1) of this section:

(a) The department shall adopt by rule medical criteria for incapacity determinations to ensure that eligibility decisions are consistent with statutory requirements and are based on clear, objective medical information; and

(b) The process implementing the medical criteria must involve consideration of opinions of the treating or consulting physicians or health care professionals regarding incapacity, and any eligibility decision which rejects uncontroverted medical opinion must set forth clear and convincing reasons for doing so.

(4) For purposes of reviewing a person's continuing eligibility and in order to remain eligible for the program, persons who have been found to have an incapacity from gainful employment must demonstrate that there has been no material improvement in their medical or mental health condition. The department may discontinue benefits when there was specific error in the prior determination that found the person eligible by reason of incapacitation.

(5) The department must review the cases of all persons who have received benefits under the essential needs and housing support program for twelve consecutive months, and at least annually after the first review, to determine whether they are eligible for the aged, blind, or disabled assistance program.

Sec. 4. RCW 43.185C.220 and 2011 1st sp.s. c 36 s 4 are each amended to read as follows:

(1) The department shall distribute funds for the essential needs and housing support program established under this section in a manner consistent with the requirements of this section and the biennial operating budget. The first distribution of funds must be completed by September 1, 2011. Essential needs or housing support is only for persons found eligible for such services under ~~(RCW 74.62.030(4))~~ section 3 of this act and is not considered an entitlement.

(2) The department shall distribute funds appropriated for the essential needs and housing support program in the form of grants to designated essential needs support and housing support entities within each county. The department shall not distribute any funds until it approves the expenditure plan submitted by the designated essential needs support and housing support entities. The amount of funds to be distributed pursuant to this section shall be designated in the biennial operating budget. For the sole purpose of meeting the initial distribution of funds date, the department may distribute partial funds upon the department's approval of a preliminary expenditure plan. The department shall not distribute the remaining funds until it has approved a final expenditure plan.

(3)(a) During the 2011-2013 biennium, in awarding housing support that is not funded through the contingency fund in this subsection, the designated housing support entity shall provide housing support to clients who are homeless persons as defined in RCW 43.185C.010. As provided in the biennial operating budget for the 2011-2013 biennium, a contingency fund shall be used solely for those clients who are at substantial risk of losing stable housing or at substantial risk of losing one of the other services defined in RCW 74.62.010(6). For purposes of this chapter, "substantial risk" means the client has provided documentation that he or she will lose his or her housing within the next thirty days or that the services will be discontinued within the next thirty days.

(b) After July 1, 2013, the designated housing support entity shall give first priority to clients who are homeless persons as defined in RCW 43.185C.010 and second priority to clients who would be at substantial risk of losing stable housing without housing support.

(4) For each county, the department shall designate an essential needs support entity and a housing support entity that will begin providing these supports to medical care services program recipients on November 1, 2011. Essential needs and housing support entities are not required to provide assistance to every ~~(medical care services recipient that is)~~ person referred to the local entity or who meets the priority standards in subsection (3) of this section.

(a) Each designated entity must be a local government or community-based organization, and may administer the funding for essential needs support, housing support, or both. Designated entities have the authority to subcontract with qualified entities. Upon request, and the approval of the department, two or more counties may combine resources to more effectively deliver services.

(b) The department's designation process must include a review of proficiency in managing housing or human services programs when designating housing support entities.

(c) Within a county, if the department directly awards separate grants to the designated housing support entity and the designated essential needs support entity, the department shall determine the amount allocated for essential needs support as directed in the biennial operating budget.

(5)(a) Essential needs and housing support entities must use funds distributed under this section as flexibly as is practicable to provide essential needs items and housing support to recipients of

the essential needs and housing support program, subject to the requirements of this section.

(b) Benefits provided under the essential needs and housing support program shall not be provided to recipients in the form of cash assistance.

(c) The appropriations by the legislature for the purposes of the essential needs and housing support program established under this section shall be based on forecasted program caseloads. The caseload forecast council shall provide a courtesy forecast of the (~~medical care services recipient~~) population eligible for a referral for essential needs and housing support that is homeless or is included in reporting under subsection (7)(c)(iii) of this section. The department may move funds between entities or between counties to reflect actual caseload changes. In doing so, the department must: (i) Develop a process for reviewing the caseload of designated essential needs and housing support entities, and for redistributing grant funds from those entities experiencing reduced actual caseloads to those with increased actual caseloads; and (ii) inform all designated entities of the redistribution process. Savings resulting from program caseload attrition from the essential needs and housing support program shall not result in increased per-client expenditures.

(d) Essential needs and housing support entities must partner with other public and private organizations to maximize the beneficial impact of funds distributed under this section, and should attempt to leverage other sources of public and private funds to serve essential needs and housing support recipients. Funds appropriated in the operating budget for essential needs and housing support must be used only to serve persons eligible to receive services under that program.

(6) The department shall use no more than five percent of the funds for administration of the essential needs and housing support program. Each essential needs and housing support entity shall use no more than seven percent of the funds for administrative expenses.

(7) The department shall:

(a) Require housing support entities to enter data into the homeless client management information system;

(b) Require essential needs support entities to report on services provided under this section;

(c) In collaboration with the department of social and health services, submit a report annually to the relevant policy and fiscal committees of the legislature. A preliminary report shall be submitted by December 31, 2011, and must include (c)(i), (iii), and (v) of this subsection. Annual reports must be submitted beginning December 1, 2012, and must include:

(i) A description of the actions the department has taken to achieve the objectives of chapter 36, Laws of 2011 1st sp. sess.;

(ii) The amount of funds used by the department to administer the program;

(iii) Information on the housing status of essential needs and housing support recipients served by housing support entities, and individuals who have requested housing support but did not receive housing support;

(iv) Grantee expenditure data related to administration and services provided under this section; and

(v) Efforts made to partner with other entities and leverage sources or public and private funds;

(d) Review the data submitted by the designated entities, and make recommendations for program improvements and administrative efficiencies. The department has the authority to designate alternative entities as necessary due to performance or other significant issues. Such change must only be made after consultation with the department of social and health services and the impacted entity.

(8) The department, counties, and essential needs and housing support entities are not civilly or criminally liable and may not have any penalty or cause of action of any nature arise against them related to decisions regarding: (a) The provision or lack of provision of housing or essential needs support; or (b) the type of housing arrangement supported with funds allocated under this section, when the decision was made in good faith and in the performance of the powers and duties under this section. However, this section does not prohibit legal actions against the department, county, or essential needs or housing support entity to enforce contractual duties or obligations.

Sec. 5. RCW 43.185C.230 and 2011 1st sp.s. c 36 s 5 are each amended to read as follows:

The department, in collaboration with the department of social and health services, shall develop a mechanism through which the department and local governments or community-based organizations can verify a person has been determined eligible by the department of social and health services and remains eligible for (~~medical care services under RCW 74.09.035 by the department of social and health services~~) the essential needs and housing support program.

Sec. 6. RCW 74.09.510 and 2011 1st sp.s. c 36 s 9 and 2011 1st sp.s. c 15 s 25 are each reenacted and amended to read as follows:

Medical assistance may be provided in accordance with eligibility requirements established by the authority, as defined in the social security Title XIX state plan for mandatory categorically needy persons and:

(1) Individuals who would be eligible for cash assistance except for their institutional status;

(2) Individuals who are under twenty-one years of age, who would be eligible for medicaid, but do not qualify as dependent children and who are in (a) foster care, (b) subsidized adoption, (c) a nursing facility or an intermediate care facility for persons with intellectual disabilities, or (d) inpatient psychiatric facilities;

(3) Individuals who:

(a) Are under twenty-one years of age;

(b) On or after July 22, 2007, were in foster care under the legal responsibility of the department or a federally recognized tribe located within the state; and

(c) On their eighteenth birthday, were in foster care under the legal responsibility of the department or a federally recognized tribe located within the state;

(4) Persons who are aged, blind, or disabled who: (a) Receive only a state supplement, or (b) would not be eligible for cash assistance if they were not institutionalized;

(5) Categorically eligible individuals who meet the income and resource requirements of the cash assistance programs;

(6) Individuals who are enrolled in managed health care systems, who have otherwise lost eligibility for medical assistance, but who have not completed a current six-month enrollment in a managed health care system, and who are eligible for federal financial participation under Title XIX of the social security act;

(7) Children and pregnant women allowed by federal statute for whom funding is appropriated;

(8) Working individuals with disabilities authorized under section 1902(a)(10)(A)(ii) of the social security act for whom funding is appropriated;

(9) Other individuals eligible for medical services under (~~RCW 74.09.035 based on age, blindness, or disability and income and resources standards for medical care services and~~) RCW 74.09.700 for whom federal financial participation is available under Title XIX of the social security act;

(10) Persons allowed by section 1931 of the social security act for whom funding is appropriated; and

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(11) Women who: (a) Are under sixty-five years of age; (b) have been screened for breast and cervical cancer under the national breast and cervical cancer early detection program administered by the department of health or tribal entity and have been identified as needing treatment for breast or cervical cancer; and (c) are not otherwise covered by health insurance. Medical assistance provided under this subsection is limited to the period during which the woman requires treatment for breast or cervical cancer, and is subject to any conditions or limitations specified in the omnibus appropriations act.

Sec. 7. RCW 74.09.035 and 2011 1st sp.s. c 36 s 6 and 2011 1st sp.s. c 15 s 3 are each reenacted and amended to read as follows:

(1) To the extent of available funds, medical care services may be provided to:

(a) ((Persons who:

(i) Are incapacitated from gainful employment by reason of bodily or mental infirmity that will likely continue for a minimum of ninety days as determined by the department. The standard for incapacity in this subsection, as evidenced by the ninety-day duration standard, is not intended to be as stringent as federal supplemental security income disability standards;

(ii) Are citizens or aliens lawfully admitted for permanent residence or otherwise residing in the United States under color of law;

(iii) Have furnished the department their social security number. If the social security number cannot be furnished because it has not been issued or is not known, an application for a number shall be made prior to authorization of benefits, and the social security number shall be provided to the department upon receipt;

(iv) Have countable income as described in RCW 74.04.005 at or below four hundred twenty-eight dollars for a married couple or at or below three hundred thirty-nine dollars for a single individual; and

(v) Do not have countable resources in excess of those described in RCW 74.04.005.

(b))) Persons eligible for the aged, blind, or disabled assistance program authorized in RCW 74.62.030 and who are not eligible for medicaid under RCW 74.09.510; and

(b) Persons eligible for essential needs and housing support under section 3 of this act and who are not eligible for medicaid under RCW 74.09.510.

((c) Persons eligible for alcohol and drug addiction services provided under chapter 74.50 RCW, in accordance with medical eligibility requirements established by the department.

(d) The following persons are not eligible for medical care services:

(i) Persons who are unemployable due primarily to alcohol or drug addiction, except as provided in (c) of this subsection. These persons shall be referred to appropriate assessment, treatment, shelter, or supplemental security income referral services as authorized under chapter 74.50 RCW. Referrals shall be made at the time of application or at the time of eligibility review. This subsection shall not be construed to prohibit the department from granting medical care services benefits to alcoholics and drug addicts who are incapacitated due to other physical or mental conditions that meet the eligibility criteria for medical care services;

(ii) Persons who refuse or fail to cooperate in obtaining federal aid assistance, without good cause;

(iii) Persons who refuse or fail without good cause to participate in drug or alcohol treatment if an assessment by a certified chemical dependency counselor indicates a need for such treatment. Good cause must be found to exist when a person's physical or mental condition, as determined by the department, prevents the person from participating in drug or alcohol dependency treatment, when needed outpatient drug or alcohol treatment is not available to the

person in the county of his or her residence or when needed inpatient treatment is not available in a location that is reasonably accessible for the person; and

(iv) Persons who are fleeing to avoid prosecution of, or to avoid custody or confinement for conviction of, a felony, or an attempt to commit a felony, under the laws of the state of Washington or the place from which the person flees; or who are violating a condition of probation, community supervision, or parole imposed under federal or state law for a felony or gross misdemeanor conviction.

(e) For purposes of determining whether a person is incapacitated from gainful employment under (a) of this subsection:

(i) The department shall adopt by rule medical criteria for incapacity determinations to ensure that eligibility decisions are consistent with statutory requirements and are based on clear, objective medical information; and

(ii) The process implementing the medical criteria shall involve consideration of opinions of the treating or consulting physicians or health care professionals regarding incapacity, and any eligibility decision which rejects uncontroverted medical opinion must set forth clear and convincing reasons for doing so.

(f) For purposes of reviewing a person's continuing eligibility and in order to remain eligible for the program, persons who have been found to have an incapacity from gainful employment must demonstrate that there has been no material improvement in their medical or mental health condition. The department may discontinue benefits when there was specific error in the prior determination that found the person eligible by reason of incapacity.)

(2) Enrollment in medical care services may not result in expenditures that exceed the amount that has been appropriated in the operating budget. If it appears that continued enrollment will result in expenditures exceeding the appropriated level for a particular fiscal year, the department may freeze new enrollment and establish a waiting list of persons who may receive benefits only when sufficient funds are available.

(3) Determination of the amount, scope, and duration of medical care services shall be limited to coverage as defined by the authority, except that adult dental, and routine foot care shall not be included unless there is a specific appropriation for these services.

(4) The authority shall enter into performance-based contracts with one or more managed health care systems for the provision of medical care services under this section. The contract must provide for integrated delivery of medical and mental health services.

(5) The authority shall establish standards of assistance and resource and income exemptions, which may include deductibles and co-insurance provisions. In addition, the authority may include a prohibition against the voluntary assignment of property or cash for the purpose of qualifying for assistance.

(6) ((Residents of skilled nursing homes, intermediate care facilities, and intermediate care facilities for persons with intellectual disabilities, as that term is described by federal law, who are eligible for medical care services shall be provided medical services to the same extent as provided to those persons eligible under the medical assistance program.

(7))) Eligibility for medical care services shall commence with the date of ((certification for medical care services, date of)) eligibility for the aged, blind, or disabled assistance program provided under RCW 74.62.030((,)) or the date ((or)) of eligibility for ((alcohol and drug addiction services provided under chapter 74.50 RCW)) the essential needs and housing support program under section 3 of this act.

Sec. 8. RCW 74.09.010 and 2011 1st sp.s. c 15 s 2 and 2011 c 316 s 2 are each reenacted and amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Authority" means the Washington state health care authority.

(2) "Children's health program" means the health care services program provided to children under eighteen years of age and in households with incomes at or below the federal poverty level as annually defined by the federal department of health and human services as adjusted for family size, and who are not otherwise eligible for medical assistance or the limited casualty program for the medically needy.

(3) "Chronic care management" means the health care management within a health home of persons identified with, or at high risk for, one or more chronic conditions. Effective chronic care management:

(a) Actively assists patients to acquire self-care skills to improve functioning and health outcomes, and slow the progression of disease or disability;

(b) Employs evidence-based clinical practices;

(c) Coordinates care across health care settings and providers, including tracking referrals;

(d) Provides ready access to behavioral health services that are, to the extent possible, integrated with primary care; and

(e) Uses appropriate community resources to support individual patients and families in managing chronic conditions.

(4) "Chronic condition" means a prolonged condition and includes, but is not limited to:

(a) A mental health condition;

(b) A substance use disorder;

(c) Asthma;

(d) Diabetes;

(e) Heart disease; and

(f) Being overweight, as evidenced by a body mass index over twenty-five.

(5) "County" means the board of county commissioners, county council, county executive, or tribal jurisdiction, or its designee.

(6) "Department" means the department of social and health services.

(7) "Department of health" means the Washington state department of health created pursuant to RCW 43.70.020.

(8) "Director" means the director of the Washington state health care authority.

(9) "Full benefit dual eligible beneficiary" means an individual who, for any month: Has coverage for the month under a medicare prescription drug plan or medicare advantage plan with part D coverage; and is determined eligible by the state for full medicaid benefits for the month under any eligibility category in the state's medicaid plan or a section 1115 demonstration waiver that provides pharmacy benefits.

(10) "Health home" or "primary care health home" means coordinated health care provided by a licensed primary care provider coordinating all medical care services, and a multidisciplinary health care team comprised of clinical and nonclinical staff. The term "coordinating all medical care services" shall not be construed to require prior authorization by a primary care provider in order for a patient to receive treatment for covered services by an optometrist licensed under chapter 18.53 RCW. Primary care health home services shall include those services defined as health home services in 42 U.S.C. Sec. 1396w-4 and, in addition, may include, but are not limited to:

(a) Comprehensive care management including, but not limited to, chronic care treatment and management;

(b) Extended hours of service;

(c) Multiple ways for patients to communicate with the team, including electronically and by phone;

(d) Education of patients on self-care, prevention, and health promotion, including the use of patient decision aids;

(e) Coordinating and assuring smooth transitions and follow-up from inpatient to other settings;

(f) Individual and family support including authorized representatives;

(g) The use of information technology to link services, track tests, generate patient registries, and provide clinical data; and

(h) Ongoing performance reporting and quality improvement.

(11) "Internal management" means the administration of medical assistance, medical care services, the children's health program, and the limited casualty program.

(12) "Limited casualty program" means the medical care program provided to medically needy persons as defined under Title XIX of the federal social security act, and to medically indigent persons who are without income or resources sufficient to secure necessary medical services.

(13) "Medical assistance" means the federal aid medical care program provided to categorically needy persons as defined under Title XIX of the federal social security act.

(14) "Medical care services" means the limited scope of care financed by state funds and provided to ~~((disability lifetime benefits recipients, and recipients of alcohol and drug addiction services provided under chapter 74.50 RCW))~~ persons who are not eligible for medicaid under RCW 74.09.510 and who are eligible for the aged, blind, or disabled assistance program authorized in RCW 74.62.030 or the essential needs and housing support program pursuant to section 3 of this act.

(15) "Multidisciplinary health care team" means an interdisciplinary team of health professionals which may include, but is not limited to, medical specialists, nurses, pharmacists, nutritionists, dietitians, social workers, behavioral and mental health providers including substance use disorder prevention and treatment providers, doctors of chiropractic, physical therapists, licensed complementary and alternative medicine practitioners, home care and other long-term care providers, and physicians' assistants.

(16) "Nursing home" means nursing home as defined in RCW 18.51.010.

(17) "Poverty" means the federal poverty level determined annually by the United States department of health and human services, or successor agency.

(18) "Primary care provider" means a general practice physician, family practitioner, internist, pediatrician, osteopath, naturopath, physician assistant, osteopathic physician assistant, and advanced registered nurse practitioner licensed under Title 18 RCW.

(19) "Secretary" means the secretary of social and health services.

NEW SECTION. Sec. 9. Except for section 2 of this act, this act takes effect January 1, 2014.

NEW SECTION. Sec. 10. Section 2 of this act takes effect July 1, 2015."

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Hill and Hargrove to Substitute House Bill No. 2069.

The motion by Senator Hill carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 4 of the title, after "RCW 43.185C.220;" strike the remainder of the title and insert "amending RCW 74.62.030, 74.62.030, 43.185C.220, and 43.185C.230; reenacting and

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amending RCW 74.09.510, 74.09.035, and 74.09.010; adding a new section to chapter 74.04 RCW; and providing effective dates."

SECOND READING

MOTION

On motion of Senator Fain, the rules were suspended, Substitute House Bill No. 2069 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hill and Hargrove spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 2069 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 2069 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 46; Nays, 2; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schlicher, Schoesler, Sheldon, Shin and Tom

Voting nay: Senators Padden and Smith

Excused: Senator Kline

SUBSTITUTE HOUSE BILL NO. 2069 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 3:10 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 3:26 p.m. by President Owen.

MOTION

On motion of Senator Fain, the Senate advanced to the seventh order of business.

THIRD READING

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5034, by Senate Committee on Ways & Means (originally sponsored by Senators Hill and Hargrove).

Making 2013-2015 operating appropriations. Revised for 1st Substitute: Making omnibus operating appropriations.

The bill was read on Third Reading.

MOTION

On motion of Senator Hill, the rules were suspended and Second Engrossed Substitute Senate Bill No. 5034 was returned to second reading for the purpose of amendment.

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5034, by Senate Committee on Ways & Means (originally sponsored by Senators Hill and Hargrove)

Making 2013-2015 operating appropriations. Revised for 1st Substitute: Making omnibus operating appropriations.

The measure was read the second time.

MOTION

Senator Hill moved that the following striking amendment by Senator Hill and Hargrove be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) A budget is hereby adopted and, subject to the provisions set forth in the following sections, the several amounts specified in parts I through IX of this act, or so much thereof as shall be sufficient to accomplish the purposes designated, are hereby appropriated and authorized to be incurred for salaries, wages, and other expenses of the agencies and offices of the state and for other specified purposes for the fiscal biennium beginning July 1, 2013, and ending June 30, 2015, except as otherwise provided, out of the several funds of the state hereinafter named.

(2) Unless the context clearly requires otherwise, the definitions in this section apply throughout this act.

(a) "Fiscal year 2014" or "FY 2014" means the fiscal year ending June 30, 2014.

(b) "Fiscal year 2015" or "FY 2015" means the fiscal year ending June 30, 2015.

(c) "FTE" means full time equivalent.

(d) "Lapse" or "revert" means the amount shall return to an unappropriated status.

(e) "Provided solely" means the specified amount may be spent only for the specified purpose. Unless otherwise specifically authorized in this act, any portion of an amount provided solely for a specified purpose which is not expended subject to the specified conditions and limitations to fulfill the specified purpose shall lapse.

PART I GENERAL GOVERNMENT

NEW SECTION. Sec. 101. FOR THE HOUSE OF REPRESENTATIVES

General Fund--State Appropriation (FY 2014)	\$30,789,000
General Fund--State Appropriation (FY 2015)	\$31,075,000
Motor Vehicle Account--State Appropriation	\$1,765,000
TOTAL APPROPRIATION	\$63,629,000

NEW SECTION. Sec. 102. FOR THE SENATE

General Fund--State Appropriation (FY 2014)	\$21,150,000
General Fund--State Appropriation (FY 2015)	\$23,405,000
Motor Vehicle Account--State Appropriation	\$1,514,000
TOTAL APPROPRIATION	\$46,069,000

NEW SECTION. Sec. 103. FOR THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE

General Fund--State Appropriation (FY 2014)	\$62,000
General Fund--State Appropriation (FY 2015)	\$111,000
Performance Audits of Government Account--State Appropriation	\$5,641,000
Medical Aid Account--State Appropriation	\$332,000
Accident Account--State Appropriation	\$332,000

TOTAL APPROPRIATION.....\$6,478,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Notwithstanding the provisions of this section, the joint legislative audit and review committee may adjust the due dates for projects included on the committee's 2013-15 work plan as necessary to efficiently manage workload.

(2) \$332,000 of the medical aid account--state appropriation and \$332,000 of the accident account--state appropriation are provided for the purposes of chapter 37, Laws of 2011 (workers' compensation).

(3) \$323,000 of the performance audits of government account--state appropriation is provided for consultant and staff costs related to the economic analysis of tax preferences as directed by chapter 43.136 RCW.

(4) The joint legislative audit and review committee shall conduct an audit of Washington's state research universities. The purpose of the audit is to identify cost and profit centers within, and in partnership with, the research universities. The audit must focus on public funds; student fees, in particular tuition; and auxiliary enterprises, which for the purposes of the audit at the University of Washington includes University of Washington medical center, the internal lending program, the W fund, and the center for commercialization. The audit at each university must achieve the following:

(a) Assess the university's policies and practices for tracking per-student expenditures for instruction and identify the average amount per student that the university has spent on instruction for undergraduate students in each of the past five fiscal years;

(b) Obtain the university's definition of auxiliary enterprises and determine the number of auxiliary enterprises, including the University of Washington medical center, the University of Washington internal lending program, the W fund, and the center for commercialization, that exist in the university system, the methods the university uses to track revenue and expenditures of auxiliary enterprises, and the policies and practices the university has in place to ensure that state funding is not used to supplement or guarantee projects or programs authorized by auxiliary enterprises;

(c) Identify how much money is being spent on undergraduate education and to what extent undergraduate education is subsidizing graduate education; and

(d) Determine how tuition funds are being used and to what extent they are being used to fund the University of Washington medical center, the University of Washington internal lending program, the W fund, and the center for commercialization and to back bonds authorized by the university.

(5) The committee shall conduct a study of the current methods of collecting legal financial obligations and compare those methods with other debt collection methods, including contracting for debt collection of legal financial obligations. The study shall include analysis of the costs and revenues of current methods and compare those to alternatives, and include analysis of the impact of current methods and alternatives to revenues received by the state. Included shall be an examination of costs and revenue generation before and after the implementation of chapter 379, Laws of 2003 (SSB 5990) and chapter 362, Laws of 2005 (SSB 5256) and analysis of whether these changes met the legislative goals of reducing costs and increasing collections. A report on the results of the analysis shall be presented to the appropriate committees of the legislature by December 2014.

(6) The committee shall conduct a study of economic development programs and projects supported by the state general fund in the department of commerce. The study shall first review the extent to which these programs: (a) Included specific economic development targets; (b) monitored economic development targets; (c) required for programs which provided support or services

through contracts, whether the contracts were structured such that if economic development targets were not met, contracts were reviewed or revised; and (d) changed the economic development targets of associate development organizations relative to funding increases since 2007. The study will include the feasibility of determining how to isolate other factors, such as general economic trends, from the impacts of economic development programs. The costs and options for conducting future analysis of the outcomes specific to economic development programs shall be included and a briefing report shall be provided to the appropriate committees of the legislature by December 1, 2013. A complete report with study data and conclusions shall be provided to the appropriate committees of the legislature by December 1, 2014.

(7) The committee shall analyze the incidence and level of taxation and business incentives available to the financial services industry in Washington State, and identify the relative differences in taxes and business incentives compared to California. A report shall be provided to the appropriate committees of the legislature by December 1, 2014.

(8) The committee shall conduct an analysis of how school districts use school days. The analysis must include:

(a) How school districts define classroom time, nonclassroom time, instructional time, noninstructional time, and any other definitions of how the school day is divided or used;

(b) Estimates of time in each category;

(c) How noninstructional time is distributed over the annual number of school days;

(d) When noninstructional hours occur;

(e) How noninstructional hours are used, including how much noninstructional time is devoted to professional development for the purposes of teacher and principal evaluation training or common core state standards training; and

(f) The extent to which the use of each category of time is identified or defined in collective bargaining agreements.

To the extent data is not available at the statewide level, the committee may use case studies or other methods to conduct the analysis. The committee shall submit a report of its findings to the education committees of the legislature by December 1, 2014.

(9) The committee shall review funding enhancement formulas that provide minimum staffing unit funding to small school districts and districts with school plants that have been judged by the state board of education to be remote and necessary. The committee will make an assessment of the current formulas and report any recommended adjustments to the legislative fiscal committees of the senate and the house of representatives by November 1, 2014. In assessing the current formulas, the committee may consider: Enhancements being made to basic education funding in the 2013-2015 omnibus appropriations act and committed to under Engrossed Substitute House Bill No. 2261 (chapter 548, Laws of 2009) and Substitute House Bill No. 2776 (chapter 236, Laws of 2010); developments in technology or educational service delivery since the formulas were established; practices in other states; districts' ability to provide students with access to a program of education; and inter-district equity.

(10) The committee shall conduct a study of the effectiveness of the state agency performance indicators and performance measurement process established in chapter 43.88 RCW, the state budget and accounting act. The study will focus on the integration of performance measurements into the state budgeting process and the ability of the legislative fiscal committees to use effective performance indicators in developing the state budget. The committee shall present its findings and recommendations to the legislative fiscal committees in a public hearing during the 2015 legislative session.

(11) By June 30, 2014, the committee shall conduct a study of the electricity cost impacts for each qualifying utility to meet the

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2016 and 2020 renewable resource and conservation targets under chapter 19.285 RCW. The study must also include an analysis of the impacts on each utility's commercial, industrial, and residential customers, including an additional analysis of the impacts on low-income residential customers.

(12) In carrying out the report required by RCW 44.28.157, the committee shall include by December 2014, an analysis of the impacts of using the Washington health benefit exchange established in chapter 43.71 RCW as a mechanism for providing health insurance for part-time certificated and classified K-12 public school employees. The analysis shall be conducted in coordination with the health care authority and shall include a review of how the exchange, federal health premium tax credits and subsidies for out-of-pocket expenses administered through the exchange, and Medicaid expansion have impacted, or could impact, health care costs for individuals, school districts, and the state. The analysis shall also include a review of the cost of stand-alone dental plans.

NEW SECTION. Sec. 104. FOR THE LEGISLATIVE EVALUATION AND ACCOUNTABILITY PROGRAM COMMITTEE

General Fund--State Appropriation (FY 2014)	\$1,653,000
General Fund--State Appropriation (FY 2015)	\$1,811,000
TOTAL APPROPRIATION	\$3,464,000

NEW SECTION. Sec. 105. FOR THE JOINT LEGISLATIVE SYSTEMS COMMITTEE

General Fund--State Appropriation (FY 2014)	\$8,004,000
General Fund--State Appropriation (FY 2015)	\$7,973,000
TOTAL APPROPRIATION	\$15,977,000

NEW SECTION. Sec. 106. FOR THE OFFICE OF THE STATE ACTUARY

Department of Retirement Systems Expense	
Account--State Appropriation.....	\$3,529,000

NEW SECTION. Sec. 107. FOR THE STATUTE LAW COMMITTEE

General Fund--State Appropriation (FY 2014)	\$3,895,000
General Fund--State Appropriation (FY 2015)	\$4,102,000
TOTAL APPROPRIATION	\$7,997,000

NEW SECTION. Sec. 108. FOR THE OFFICE OF LEGISLATIVE SUPPORT SERVICES

General Fund--State Appropriation (FY 2014)	\$3,686,000
General Fund--State Appropriation (FY 2015)	\$3,684,000
TOTAL APPROPRIATION	\$7,370,000

NEW SECTION. Sec. 109. LEGISLATIVE AGENCIES

In order to achieve operating efficiencies within the financial resources available to the legislative branch, the executive rules committee of the house of representatives and the facilities and operations committee of the senate by joint action may transfer funds among the house of representatives, senate, joint legislative audit and review committee, legislative evaluation and accountability program committee, joint transportation committee, office of the state actuary, joint legislative systems committee, statute law committee, and office of legislative support services.

NEW SECTION. Sec. 110. FOR THE SUPREME COURT

General Fund--State Appropriation (FY 2014)	\$6,911,000
General Fund--State Appropriation (FY 2015)	\$6,836,000
TOTAL APPROPRIATION	\$13,747,000

NEW SECTION. Sec. 111. FOR THE LAW LIBRARY

General Fund--State Appropriation (FY 2014)	\$1,481,000
General Fund--State Appropriation (FY 2015)	\$1,468,000
TOTAL APPROPRIATION	\$2,949,000

NEW SECTION. Sec. 112. FOR THE COMMISSION ON JUDICIAL CONDUCT

General Fund--State Appropriation (FY 2014)	\$1,068,000
General Fund--State Appropriation (FY 2015)	\$994,000

TOTAL APPROPRIATION	\$2,062,000
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NEW SECTION. Sec. 113. FOR THE COURT OF APPEALS

General Fund--State Appropriation (FY 2014)	\$15,691,000
General Fund--State Appropriation (FY 2015)	\$15,685,000
TOTAL APPROPRIATION	\$31,376,000

NEW SECTION. Sec. 114. FOR THE ADMINISTRATOR FOR THE COURTS

General Fund--State Appropriation (FY 2014)	\$51,085,000
General Fund--State Appropriation (FY 2015)	\$50,771,000
General Fund--Federal Appropriation	\$2,125,000
General Fund--Private/Local Appropriation.....	\$658,000
Judicial Information Systems Account--State	
Appropriation	\$46,611,000
Judicial Stabilization Trust Account--State	
Appropriation	\$6,691,000
TOTAL APPROPRIATION	\$157,941,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,500,000 of the judicial information systems account--state appropriation is provided solely for development and implementation of the information network hub project.

(2) \$2,138,000 of the judicial information systems account--state appropriation is provided solely for replacement of computer equipment, including servers, routers, and storage system upgrades.

(3) The administrative office of the courts, in conjunction with the office of the chief information officer, shall analyze the feasibility and associated costs of moving the judicial branch servers and data center equipment to the state data center. Amounts provided in subsections (1) and (2) of this section may not be expended until the office of the chief information officer approves the expenditures.

(4) The distributions made under this subsection and distributions from the county criminal justice assistance account made pursuant to section 801 of this act constitute appropriate reimbursement for costs for any new programs or increased level of service for purposes of RCW 43.135.060.

(5) \$1,199,000 of the judicial information systems account--state appropriation is provided solely for replacing computer equipment at state courts and state judicial agencies.

(6) \$108,000 of the general fund--state appropriation for fiscal year 2014 and \$108,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 210, Laws of 2013 (Senate Bill No. 5052) (superior court judges Whatcom county). The funds provided in this subsection shall be expended only if the fourth superior court judge position in Whatcom county is appointed and serving on the bench.

(7) \$108,000 of the general fund--state appropriation for fiscal year 2014 and \$108,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 142, Laws of 2013 (House Bill No. 1175) (superior court judges Benton/Franklin counties). The funds provided in this subsection shall be expended only if the seventh superior court judge position in Benton and Franklin counties jointly is appointed and serving on the bench.

(8) \$11,300,000 of the judicial information systems account--state appropriation is provided solely for continued implementation of the superior court case management system project. The administrative office of the courts, in consultation with the judicial information systems committee, the superior court case management system project steering committee, and the office of the chief information officer shall develop a revised charter to implement the next phases of the superior court case management system. The revised charter shall insure that the superior court case

management system project steering committee continues to provide contract oversight, in collaboration with the judicial information system committee, through the implementation period and various phases of the project. Oversight responsibilities throughout the various phases of the project must include, but are not limited to, vendor management, contract and deliverable management, and assuring satisfaction of the business and technical needs at the local level. The superior court case management system project steering committee may solicit input from user groups as deemed appropriate. The revised charter shall be approved by the judicial information systems committee.

(9) \$1,399,000 of the general fund--state appropriation for fiscal year 2014 and \$1,399,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for school districts for petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The administrator for the courts shall develop an interagency agreement with the superintendent of public instruction to allocate the funding provided in this subsection. Allocation of this money to school districts shall be based on the number of petitions filed. This funding includes amounts school districts may expend on the cost of serving petitions filed under RCW 28A.225.030 by certified mail or by personal service or for the performance of service of process for any hearing associated with RCW 28A.225.030.

(10)(a) \$7,313,000 of the general fund--state appropriation for fiscal year 2014 and \$7,313,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for distribution to county juvenile court administrators to fund the costs of processing truancy, children in need of services, and at-risk youth petitions. The administrator for the courts, in conjunction with the juvenile court administrators, shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs.

(b) Each fiscal year during the 2013-2015 fiscal biennium, each county shall report the number of petitions processed and the total actual costs of processing truancy, children in need of services, and at-risk youth petitions. Counties shall submit the reports to the administrator for the courts no later than 45 days after the end of the fiscal year. The administrator for the courts shall electronically transmit this information to the chairs and ranking minority members of the house of representatives and senate fiscal committees no later than 60 days after a fiscal year ends. These reports are deemed informational in nature and are not for the purpose of distributing funds.

(11) \$274,000 of the general fund--state appropriation for fiscal year 2014 and \$274,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the office of public guardianship to continue guardianship services for those low-income incapacitated persons who were receiving services on June 30, 2013.

(12) \$333,000 of the judicial information systems account--state appropriation is provided solely for the content management system for the appellate courts.

NEW SECTION. Sec. 115. FOR THE OFFICE OF PUBLIC DEFENSE

General Fund--State Appropriation (FY 2014)	\$30,410,000
General Fund--State Appropriation (FY 2015)	\$33,719,000
Judicial Stabilization Trust Account--State	
Appropriation	\$3,648,000
General Fund--Federal Appropriation	\$152,000
TOTAL APPROPRIATION	\$67,929,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The amounts provided include funding for expert and investigative services in death penalty personal restraint petitions.

(2) \$3,378,000 of the general fund--state appropriation for fiscal year 2015 is provided solely to expand the parents representation program into Asotin, Columbia, Garfield, King, Whatcom, and Whitman counties.

NEW SECTION. Sec. 116. FOR THE OFFICE OF CIVIL LEGAL AID

General Fund--State Appropriation (FY 2014)	\$10,862,000
General Fund--State Appropriation (FY 2015)	\$10,870,000
Judicial Stabilization Trust Account--State	
Appropriation	\$1,454,000
TOTAL APPROPRIATION	\$23,186,000

The appropriations in this section are subject to the following conditions and limitations: An amount not to exceed \$40,000 of the general fund--state appropriation for fiscal year 2014 and an amount not to exceed \$40,000 of the general fund--state appropriation for fiscal year 2015 may be used to provide telephonic legal advice and assistance to otherwise eligible persons who are sixty years of age or older on matters authorized by RCW 2.53.030(2) (a) through (k) regardless of household income or asset level.

NEW SECTION. Sec. 117. FOR THE OFFICE OF THE GOVERNOR

General Fund--State Appropriation (FY 2014)	\$5,509,000
General Fund--State Appropriation (FY 2015)	\$5,217,000
Economic Development Strategic Reserve Account--State	
Appropriation	\$4,000,000
TOTAL APPROPRIATION	\$14,726,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$4,000,000 of the economic development strategic reserve account appropriation is provided solely for efforts to assist with currently active industrial recruitment efforts that will bring new jobs to the state or will retain headquarter locations of major companies currently housed in the state.

(2) \$684,000 of the general fund--state appropriation for fiscal year 2014 and \$684,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the office of the education ombudsman.

(3) \$258,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5802 (greenhouse gas emissions). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 118. FOR THE LIEUTENANT GOVERNOR

General Fund--State Appropriation (FY 2014)	\$654,000
General Fund--State Appropriation (FY 2015)	\$658,000
General Fund--Private/Local Appropriation.....	\$90,000
TOTAL APPROPRIATION	\$1,402,000

NEW SECTION. Sec. 119. FOR THE PUBLIC DISCLOSURE COMMISSION

General Fund--State Appropriation (FY 2014)	\$2,082,000
General Fund--State Appropriation (FY 2015)	\$2,015,000
TOTAL APPROPRIATION	\$4,097,000

NEW SECTION. Sec. 120. FOR THE SECRETARY OF STATE

General Fund--State Appropriation (FY 2014)	\$11,356,000
General Fund--State Appropriation (FY 2015)	\$9,535,000
General Fund--Federal Appropriation	\$7,419,000
Public Records Efficiency, Preservation, and Access	
Account--State Appropriation.....	\$7,361,000
Charitable Organization Education Account--State	
Appropriation	\$364,000
Local Government Archives Account--State	

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Appropriation	\$8,467,000
Election Account--Federal Appropriation	\$12,016,000
Washington State Heritage Center Account--State	
Appropriation	\$8,860,000
TOTAL APPROPRIATION	\$65,378,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,301,000 of the general fund--state appropriation for fiscal year 2014 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

(2)(a) \$1,847,000 of the general fund--state appropriation for fiscal year 2014 and \$1,926,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for contracting with a nonprofit organization to produce gavel-to-gavel television coverage of state government deliberations and other events of statewide significance during the 2013-2015 fiscal biennium. The funding level for each year of the contract shall be based on the amount provided in this subsection. The nonprofit organization shall be required to raise contributions or commitments to make contributions, in cash or in kind, in an amount equal to forty percent of the state contribution. The office of the secretary of state may make full or partial payment once all criteria in this subsection have been satisfactorily documented.

(b) The legislature finds that the commitment of on-going funding is necessary to ensure continuous, autonomous, and independent coverage of public affairs. For that purpose, the secretary of state shall enter into a contract with the nonprofit organization to provide public affairs coverage.

(c) The nonprofit organization shall prepare an annual independent audit, an annual financial statement, and an annual report, including benchmarks that measure the success of the nonprofit organization in meeting the intent of the program.

(d) No portion of any amounts disbursed pursuant to this subsection may be used, directly or indirectly, for any of the following purposes:

(i) Attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, by any county, city, town, or other political subdivision of the state of Washington, or by the congress, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency;

(ii) Making contributions reportable under chapter 42.17 RCW; or

(iii) Providing any: (A) Gift; (B) honoraria; or (C) travel, lodging, meals, or entertainment to a public officer or employee.

(3) Any reductions to funding for the Washington talking book and Braille library may not exceed in proportion any reductions taken to the funding for the library as a whole.

(4) It is the intent of the legislature to consider during the 2014 legislative session funding for the publication and distribution of a primary election voters pamphlet.

(5) \$771,000 of the general fund--state appropriation for fiscal year 2014 and \$772,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the state library to purchase statewide on-line access to the information technology academy to allow public access to on-line courses and learning resources through public libraries.

NEW SECTION. Sec. 121. FOR THE GOVERNOR'S OFFICE OF INDIAN AFFAIRS

General Fund--State Appropriation (FY 2014)	\$253,000
General Fund--State Appropriation (FY 2015)	\$248,000
TOTAL APPROPRIATION	\$501,000

The appropriations in this section are subject to the following conditions and limitations: The office shall assist the department of enterprise services on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department of enterprise services shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

NEW SECTION. Sec. 122. FOR THE COMMISSION ON ASIAN PACIFIC AMERICAN AFFAIRS

General Fund--State Appropriation (FY 2014)	\$213,000
General Fund--State Appropriation (FY 2015)	\$207,000
TOTAL APPROPRIATION	\$420,000

NEW SECTION. Sec. 123. FOR THE STATE TREASURER

State Treasurer's Service Account--State	
Appropriation	\$14,924,000

The appropriation in this section is subject to the following conditions and limitations: \$150,000 of the state treasurer's service account--state appropriation is provided solely for legal fees related to additional legal assistance due to changes in federal financial regulations and an increase in complex and high profile litigation.

NEW SECTION. Sec. 124. FOR THE STATE AUDITOR

General Fund--State Appropriation (FY 2014)	\$728,000
General Fund--State Appropriation (FY 2015)	\$733,000
State Auditing Services Revolving Account--State	

Appropriation	\$9,573,000
Performance Audits of Government Account--State	

Appropriation	\$56,000
TOTAL APPROPRIATION	\$11,090,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$728,000 of the general fund--state appropriation for fiscal year 2014 and \$733,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for staff and related costs to verify the accuracy of reported school district data submitted for state funding purposes; conduct school district program audits of state funded public school programs; establish the specific amount of state funding adjustments whenever audit exceptions occur and the amount is not firmly established in the course of regular public school audits; and to assist the state special education safety net committee when requested.

(2) The legislature requests a performance audit of the purchasing and use of health care actuarial services by state agencies, including but not limited to the health care authority, department of labor and industries, department of health, office of financial management, office of the insurance commissioner, and department of social and health services. The audit should document the level of expenditures on contracted and in-house health care related actuarial services, and how effectively the agencies manage the quality and value of those services. The performance audit should evaluate whether health care related actuarial services that are currently purchased by state agencies on a contract basis could be provided in a more efficient and transparent manner by a new division in the office of the state actuary, or by a separate office in the executive branch.

(3) The legislature requests that the state auditor evaluate whether providing health care services delivered through managed care for disabled adults in the healthy options blind/disabled program is more cost effective than providing the same health care services through a fee-for-service system. The audit may consider

examining cost effectiveness at a statewide level as well as examining cost effectiveness within certain geographic regions.

(4) The legislature requests the state auditor to conduct an audit of the department of health, the department of social and health services, and the health care authority for compliance with federal law and to identify any fraudulent activity, by June 30, 2014.

(5) The legislature requests that the state auditor evaluate the department of corrections' current inmate intake and reception process. The audit may consider examining cost effectiveness of the assessment, classification, facility assignment and transportation processes.

NEW SECTION. Sec. 125. FOR THE CITIZENS' COMMISSION ON SALARIES FOR ELECTED OFFICIALS

General Fund--State Appropriation (FY 2014)	\$141,000
General Fund--State Appropriation (FY 2015)	\$171,000
TOTAL APPROPRIATION	\$312,000

NEW SECTION. Sec. 126. FOR THE ATTORNEY GENERAL

General Fund--State Appropriation (FY 2014)	\$10,456,000
General Fund--State Appropriation (FY 2015)	\$10,132,000
General Fund--Federal Appropriation	\$7,114,000
New Motor Vehicle Arbitration Account--State	
Appropriation	\$997,000
Legal Services Revolving Account--State	
Appropriation	\$191,286,000
Tobacco Prevention and Control Account--State	
Appropriation	\$271,000
Medicaid Fraud Penalty Account--State Appropriation ..	\$2,279,000
Public Services Revolving Account--State	
Appropriation	\$2,093,000
TOTAL APPROPRIATION	\$224,628,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The attorney general shall report each fiscal year on actual legal services expenditures and actual attorney staffing levels for each agency receiving legal services. The report shall be submitted to the office of financial management and the fiscal committees of the senate and house of representatives no later than ninety days after the end of each fiscal year. As part of its by agency report to the legislative fiscal committees and the office of financial management, the office of the attorney general shall include information detailing the agency's expenditures for its agency-wide overhead and a breakdown by division of division administration expenses.

(2) Prior to entering into any negotiated settlement of a claim against the state that exceeds five million dollars, the attorney general shall notify the director of financial management and the chairs of the senate committee on ways and means and the house of representatives committee on appropriations.

(3) The attorney general shall annually report to the fiscal committees of the legislature all new *cy pres* awards and settlements and all new accounts, disclosing their intended uses, balances, the nature of the claim or account, proposals, and intended timeframes for the expenditure of each amount. The report shall be distributed electronically and posted on the attorney general's web site. The report shall not be printed on paper or distributed physically.

(4) The executive ethics board shall: (a) Develop a statewide plan, with performance measures, to provide overall direction and accountability in all executive branch agencies and statewide elected offices; (b) coordinate and work with the commission on judicial conduct and the legislative ethics board; (c) assess and evaluate each agency's ethical culture through employee and stakeholder surveys, review Washington state quality award feedback reports, and publish an annual report on the results to the public; and (d) solicit outside evaluations, studies, and recommendations for improvements from academics, nonprofit

organizations, the public disclosure commission, or other entities with expertise in ethics, integrity, and the public sector.

(5) \$424,000 of the legal services revolving account--state appropriation is provided solely for replacement of a portion of the agency's personal computers. The amount provided in this subsection is conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer and section 945 of this act, personal computer acquisition and replacement.

(6) \$609,000 of the legal services revolving account--state appropriation is provided solely for upgrades to software programs. The amount provided in this subsection is conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(7) \$150,000 of the legal services revolving account--state appropriation is provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5405 (extended foster care). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(8) \$50,000 of the general fund--state appropriation for fiscal year 2014 and \$50,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of Engrossed Substitute House Bill No. 1341 (wrongful imprisonment). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(9) \$189,000 of the legal services revolving account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1420 (transportation improvement projects). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(10) \$2,093,000 of the public service revolving account--state appropriation is provided solely for the work of the public counsel section of the office of the attorney general.

(11) \$353,000 of the general fund--state appropriation for fiscal year 2014 and \$353,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a grant to the Washington coalition of crime victim advocates to provide training, certification, and technical assistance for crime victim service center advocates.

NEW SECTION. Sec. 127. FOR THE CASELOAD FORECAST COUNCIL

General Fund--State Appropriation (FY 2014)	\$1,260,000
General Fund--State Appropriation (FY 2015)	\$1,230,000
TOTAL APPROPRIATION	\$2,490,000

NEW SECTION. Sec. 128. FOR THE DEPARTMENT OF COMMERCE

General Fund--State Appropriation (FY 2014)	\$63,076,000
General Fund--State Appropriation (FY 2015)	\$60,151,000
General Fund--Federal Appropriation	\$265,004,000
General Fund--Private/Local Appropriation.....	\$5,638,000
Public Works Assistance Account--State	
Appropriation	\$3,036,000
Drinking Water Assistance Administrative	
Account--State Appropriation.....	\$445,000
Lead Paint Account--State Appropriation	\$147,000
Building Code Council Account--State Appropriation	\$13,000
Home Security Fund Account--State Appropriation	\$25,452,000
Affordable Housing for All Account--State	
Appropriation	\$11,915,000
Financial Fraud and Identity Theft Crimes Investigation	
and Prosecution Account--State Appropriation	\$969,000
Low-Income Weatherization Assistance Account--State	
Appropriation	\$1,882,000
Community and Economic Development Fee Account--State	
Appropriation	\$5,303,000

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Washington Housing Trust Account--State
 Appropriation\$19,592,000
 Prostitution Prevention and Intervention Account--
 State Appropriation\$98,000
 Public Facility Construction Loan Revolving
 Account--State Appropriation.....\$758,000
 Washington Community Technology Opportunity Account--
 Private/Local Appropriation.....\$10,000
 Liquor Revolving Account--State Appropriation\$5,605,000
 TOTAL APPROPRIATION\$469,094,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Repayments of outstanding mortgage and rental assistance program loans administered by the department under RCW 43.63A.640 shall be remitted to the department, including any current revolving account balances. The department shall collect payments on outstanding loans, and deposit them into the state general fund. Repayments of funds owed under the program shall be remitted to the department according to the terms included in the original loan agreements.

(2) \$500,000 of the general fund--state appropriation for fiscal year 2014 and \$500,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a grant to resolution Washington to building statewide capacity for alternative dispute resolution centers and dispute resolution programs that guarantee that citizens have access to low-cost resolution as an alternative to litigation.

(3) \$306,000 of the general fund--state appropriation for fiscal year 2014 and \$306,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a grant to the retired senior volunteer program.

(4) The department shall administer its growth management act technical assistance and pass-through grants so that smaller cities and counties receive proportionately more assistance than larger cities or counties.

(5) \$375,000 of the general fund--state appropriation for fiscal year 2014 and \$375,000 of the general fund--state appropriation for fiscal year 2015 are provided solely as pass-through funding to Walla Walla Community College for its water and environmental center.

(6) \$1,800,000 of the home security fund--state appropriation is provided for transitional housing assistance or partial payments for rental assistance under the independent youth housing program.

(7) \$5,000,000 of the home security fund--state appropriation is for the operation, repair, and staffing of shelters in the homeless family shelter program.

(8) \$198,000 of the general fund--state appropriation for fiscal year 2014 and \$198,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington new Americans program.

(9) \$2,949,000 of the general fund--state appropriation for fiscal year 2014 and \$2,949,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for associate development organizations. During the 2013-2015 fiscal biennium, the department shall consider an associate development organization's total resources when making contracting and fund allocation decisions, in addition to the schedule provided in RCW 43.330.086.

(10) \$234,000 of the general fund--state appropriation for fiscal year 2014 and \$233,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington asset building coalitions.

(11) \$5,605,000 of the liquor revolving account--state appropriation is provided solely for the department to contract with the municipal research and services center of Washington.

(12) \$500,000 of the general fund--state appropriation for fiscal year 2014 and \$500,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the purposes of purchasing contracted services to expand and promote the tourism industry in the state of Washington.

(a) The department must contract with the Washington tourism alliance. Expenditure of state moneys is contingent upon the contractor providing a dollar for dollar cash or in-kind match. Funding must be provided for the following services:

(i) Serving as a central point of contact through developing and maintaining a web portal for Washington tourism, operating a call center, and mailing travel guides;

(ii) Promoting Washington as a tourism destination to national and international markets, with emphasis on markets in Europe and Asia;

(iii) Providing information to businesses and local communities on tourism opportunities that could expand local revenues; and

(iv) Conducting tourism-related research, including market research and measuring the return on investment of funded activities.

(b) The department may not use more than 4 percent of the funds to administer, monitor, and report the outcomes of the services. The department must electronically submit performance metrics by January 1, 2014, and report the outcomes of the services by January 1, 2015, to the economic development committees of the legislature.

(c) The department has the authority to designate one or more alternative contractors if necessary due to performance or other significant issues. Such change must only be made after consultation with the Washington tourism alliance, the governor's office, and the chairs and ranking members of the economic development committees of the legislature.

(13) \$72,000 of the prostitution prevention and intervention account is provided solely for implementation of Engrossed Substitute House Bill No. 1291 (sex trade victims). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(14) \$49,000 of the general fund--state appropriation for fiscal year 2014 and \$49,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of House Bill No. 1818 (business and government streamlining). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(15) \$36,000 of the general fund--state appropriation for fiscal year 2014 and \$37,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the department to develop an economic cluster strategy to leverage the state's unique maritime assets, geography, history, and infrastructure. Goals include growing employment, targeted economic activity, environmental considerations, tax revenue to state and local governments, and quality of life associated with the maritime sector by working with the industry to understand workforce needs, parity considerations with Oregon and British Columbia, and tax structure and regulatory barriers. The department will report its findings to the appropriate committees of the legislature no later than December 1, 2014.

(16) \$2,000,000 of the Washington housing trust account--state appropriation is provided solely for the department of commerce for services to homeless families through the Washington families fund.

(17) \$5,000,000 of the home security account--state appropriation is provided solely for the department of commerce to provide emergency assistance to homeless families in the temporary assistance for needy families program.

(18) \$75,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the economic development commission to retain one current administrative position. The

department shall convene a work group, chaired by the current chair of the economic development commission, of representatives of associate development organizations and the economic development commission to recommend: (1) Changes to the economic development commission's purpose and source and amount of funding; (2) objective benchmarks and outcome-based performance measures for evaluating state investments in economic development; (3) high priority regulatory reforms to foster a favorable business climate for long-term private sector job creation and competitiveness; and (4) organizational roles responsibilities and structures to strengthen cohesive planning, streamline execution, and improve outcomes. The work group shall be comprised of representatives from no less than eight associate development organizations representing both urban and rural counties and counties on both sides of the Cascade range. The department shall submit a report of the work group's recommendation to the fiscal and economic development policy committees of the legislature by December 15, 2013.

(19) \$4,000,000 of the general fund--state appropriation for fiscal year 2014 and \$850,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for purposes of creating and operating a community health care and education and innovation center at the Pacific Medical Center in Seattle. Amounts provided in this subsection must be used for lease, maintenance, operations, and other required related expenses for Seattle community colleges allied health programs and other related uses identified by the department of commerce. The department is authorized to enter into a thirty-year lease for the Pacific Medical Center property.

(20) Within the appropriations in this section, the department shall, by December 1, 2013, develop a comprehensive start-up Washington strategy to facilitate the growth of start-ups and enhance the state's competitiveness in recruiting and retaining businesses that start up in Washington. This shall include but is not limited to: Business and occupation tax relief, capital investment, regulatory burdens, workforce and infrastructure needs and support. Start-up businesses interactions with state government and other public entities as a customer shall also be considered.

(21) \$700,000 of the general fund--state appropriation for fiscal year 2014 and \$700,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the department to identify and invest in strategic growth areas, support key sectors, and align existing economic development programs and priorities. The department must consider Washington's position as the most trade dependent state when identifying priority investments. The department must engage states and provinces in the northwest as well as associate development organizations, small business development centers, chambers of commerce, ports, and other partners to leverage the funds provided. For each dollar expended the department must receive a one hundred percent match. The match may be provided by the department through nongeneral fund sources, or any partnering governments or organizations. The department must develop performance metrics and milestones. The department must electronically submit the performance metrics and performance-to-date by January 1, 2014, to the economic development committees of the legislature.

(22) The department is authorized to suspend issuing any nonstatutorily required grants or contracts of an amount less than \$1,000,000 per year.

(23) The department is authorized to require an applicant to pay an application fee to cover the cost of reviewing the project and preparing an advisory opinion on whether a proposed electric generation project or conservation resource qualifies to meet mandatory conservation targets.

(24) \$25,000 of the general fund--state appropriation for fiscal year 2014 and \$25,000 of the general fund--state appropriation for

fiscal year 2015 are provided solely for the economic impact and infrastructure cost study for Covington town center.

(25) The department is directed to work with innovation partnership zone administrators to review the existing grant program, including the criteria for designation as an innovation partnership zone and the grant funding criteria. The department shall submit its report to the legislature by December 1, 2013.

NEW SECTION. Sec. 129. FOR THE ECONOMIC AND REVENUE FORECAST COUNCIL

General Fund--State Appropriation (FY 2014)	\$764,000
General Fund--State Appropriation (FY 2015)	\$802,000
Lottery Administrative Account--State Appropriation.....	\$50,000
TOTAL APPROPRIATION	\$1,616,000

NEW SECTION. Sec. 130. FOR THE OFFICE OF FINANCIAL MANAGEMENT

General Fund--State Appropriation (FY 2014)	\$18,414,000
General Fund--State Appropriation (FY 2015)	\$17,542,000
General Fund--Federal Appropriation	\$31,340,000
General Fund--Private/Local Appropriation.....	\$370,000
Economic Development Strategic Reserve Account--State	

Appropriation	\$289,000
Personnel Service Fund--State Appropriation	\$8,656,000
Data Processing Revolving Account--State	

Appropriation	\$6,015,000
Higher Education Personnel Services Account--State	

Appropriation	\$1,497,000
Performance Audits of Government Account--State	

Appropriation	\$4,000,000
TOTAL APPROPRIATION	\$88,123,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The office of financial management shall prepare a report outlining alternative methods of procuring health benefits for home care workers, including individual providers and agency providers. In preparing the report, the office of financial management shall consult with the department of social and health services, representatives of individual home care providers, and agency home care providers.

Along with a summary of the current method of providing benefits, the report must include an analysis of the policy and fiscal implications of accessing health benefits through the Washington health benefits exchange. The report must also provide an analysis of a medicaid section 1115 waiver with the federal centers for medicare and medicaid services that would provide additional medicaid matching funds for individual provider home care workers who are provided with health care benefits through a collective bargaining agreement negotiated with the state under chapter 74.39A RCW, but would otherwise be eligible for medicaid under the federal expanded eligibility provisions that take effect January 1, 2014.

The report must be submitted to the appropriate fiscal committees of the legislature by January 6, 2014.

(2) \$350,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5802 (greenhouse gas emissions). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(3) \$536,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for a study of the state's medical and public assistance eligibility systems and infrastructure with the goal of simplifying procedures, improving customer service, and reducing state expenditures. The study must also examine which state entities play various roles in the eligibility and data verification processes in order to determine if eligibility processes can be further streamlined in light of changes related to the federal affordable care act. The study must identify how costs will be allocated between

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state and federal funding sources and options for maximizing federal participation. The office of financial management shall provide a report on its findings and recommendations to the relevant policy and fiscal committees of the legislature by January 1, 2014.

(4)(a) The legislature finds that the state's nationally recognized student achievement initiative has led to significant improvements at two-year institutions of higher education. With the goal of creating such efficiencies within the four-year institutions of higher education, the office of financial management shall convene, in coordination with the joint committee on higher education and the student achievement council, a technical incentive funding model task force to propose an incentive funding model for the four-year institutions of higher education. The model will provide new incentive funding to four-year institutions of higher education that demonstrate improvement on existing performance measures and control resident undergraduate tuition growth. Participation in the program is voluntary; however, funding appropriated for this program shall only be available to those institutions that have chosen to participate in the program.

(b) The task force must include the following members:

(i) One representative from the student achievement council;

(ii) One representative from the education data center created in RCW 43.41.400; and

(iii) One representative from each of the four-year institutions of higher education.

(c) The program shall include, but shall not be limited to:

(i) A system for allocating new incentive funding to participating institutions based on an institution's:

(A) Performance in specific metrics;

(B) Control and reduction where possible of resident undergraduate and graduate tuition; and

(C) Efficient utilization of classrooms, laboratories, and online and other high technology instructional methods;

(ii) A methodology for allocating funding for performance as specified in (c)(i)(A) of this subsection that is based on performance metrics reported in the accountability monitoring and reporting system established in RCW 28B.77.090 and that recognizes each institution's unique mission by measuring each institution's performance in these metrics against its past performance;

(iii) A methodology for investing any unallocated incentive funds to the state need grant program created in chapter 28B.92 RCW to expand access to low-income and underserved student populations; and

(iv) A methodology for establishing a baseline level of state funding that:

(A) Fully supports the state's need for an increasing portion of its citizens to gain post-secondary education and qualifications;

(B) Recognizes the acute need of the state's high-technology economy for a sufficient number of graduates in high employer demand programs of study;

(C) Achieves a more equitable share of support between the state and students and their families; and

(D) Provides for funding enhancements based on demonstrated improvements in institutional performance within the educational achievement and tuition reduction incentive program.

(d) The workgroup shall submit a final report containing an incentive funding model to the governor and higher education and fiscal committees of the legislature by December 31, 2013.

(5) By November 30, 2013, the office of the chief information officer shall provide to the economic development committees of the legislature a plan for establishing performance benchmarks and measuring results of implementing a one-stop integrated system for business interactions with government. The plan must include a timeline, agency responsibilities, and a benchmark for initial implementation.

NEW SECTION. Sec. 131. FOR THE OFFICE OF ADMINISTRATIVE HEARINGS

Administrative Hearings Revolving Account--State

Appropriation\$37,772,000

The appropriation in this section is subject to the following conditions and limitations: \$151,000 of the administrative hearings revolving account--state appropriation is provided solely for replacement of computer equipment, including servers, routers, and storage system upgrades. The amount provided in this subsection is conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

NEW SECTION. Sec. 132. FOR THE WASHINGTON STATE LOTTERY

Lottery Administrative Account--State

Appropriation\$25,696,000

The appropriation in this section is subject to the following conditions and limitations:

(1) \$596,000 of the lottery administrative account--state appropriation is provided solely for the replacement of the lottery's gaming systems vendor contract.

(2) No portion of this appropriation may be used for acquisition of gaming system capabilities that violates state law.

NEW SECTION. Sec. 133. FOR THE COMMISSION ON HISPANIC AFFAIRS

General Fund--State Appropriation (FY 2014)\$238,000

General Fund--State Appropriation (FY 2015)\$235,000

TOTAL APPROPRIATION\$473,000

NEW SECTION. Sec. 134. FOR THE COMMISSION ON AFRICAN-AMERICAN AFFAIRS

General Fund--State Appropriation (FY 2014)\$233,000

General Fund--State Appropriation (FY 2015)\$224,000

TOTAL APPROPRIATION\$457,000

NEW SECTION. Sec. 135. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--OPERATIONS

Department of Retirement Systems Expense

Account--State Appropriation\$50,728,000

NEW SECTION. Sec. 136. FOR THE DEPARTMENT OF REVENUE

General Fund--State Appropriation (FY 2014)\$107,985,000

General Fund--State Appropriation (FY 2015)\$106,301,000

Timber Tax Distribution Account--State Appropriation . \$6,102,000

Waste Reduction/Recycling/Litter Control--State

Appropriation\$132,000

State Toxics Control Account--State Appropriation\$93,000

Master License Fund--State Appropriation\$17,082,000

Data Processing Revolving Account--State Appropriation

.....\$6,751,000

TOTAL APPROPRIATION\$244,446,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The department of revenue is authorized to increase the master application fee to nineteen dollars and the renewal fee to eleven dollars consistent with RCW 19.02.075.

(2) \$6,751,000 of the data processing revolving account--state appropriation and \$4,853,000 of the master license fund--state appropriation are provided solely for the replacement of the department's legacy business systems. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(3) \$495,000 of the general fund--state appropriation for fiscal year 2014 and \$431,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of House Bill No. 1971 or Senate Bill No. 5873 (communications

services reform). If neither bill is enacted by June 30, 2013, the amounts provided in the subsection shall lapse.

(4) \$641,000 of the general fund--state appropriation for fiscal year 2014 and \$297,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of Senate Bill No. 5882 or House Bill No. 2081 (tax preferences and transparency). If neither bill is enacted by June 30, 2013, the amounts provided in the subsection shall lapse.

NEW SECTION. Sec. 137. FOR THE BOARD OF TAX APPEALS

General Fund--State Appropriation (FY 2014)	\$1,217,000
General Fund--State Appropriation (FY 2015)	\$1,178,000
TOTAL APPROPRIATION	\$2,395,000

NEW SECTION. Sec. 138. FOR THE OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES

OMWBE Enterprises Account--State Appropriation	\$4,077,000
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The appropriation in this section is subject to the following conditions and limitations: \$200,000 of the minority and women's business enterprises account--state appropriation is provided for implementation of a certification program for small business enterprises. The agency will collaborate with the department of transportation to certify small businesses as small business enterprises. Funding for this work is provided through interagency agreement with the state department of transportation.

NEW SECTION. Sec. 139. FOR THE INSURANCE COMMISSIONER

General Fund--State Appropriation (FY 2014)	\$300,000
General Fund--State Appropriation (FY 2015)	\$100,000
General Fund--Federal Appropriation	\$4,495,000
Health Benefit Exchange Account--State Appropriation ...	\$676,000
Insurance Commissioners Regulatory Account--State	
Appropriation	\$49,555,000

TOTAL APPROPRIATION	\$55,126,000
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The appropriations in this section are subject to the following conditions and limitations:

(1) \$676,000 of the health benefit exchange account--state appropriation is provided solely to implement Engrossed Substitute House Bill No. 1947 (Washington health benefit exchange). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(2) The office of the insurance commissioner shall not curtail functions relating to solvency, rates and forms, and consumer protection.

NEW SECTION. Sec. 140. FOR THE STATE INVESTMENT BOARD

State Investment Board Expense Account--State	
Appropriation	\$36,035,000

NEW SECTION. Sec. 141. FOR THE LIQUOR CONTROL BOARD

Liquor Revolving Account--State Appropriation	\$65,146,000
General Fund--Federal Appropriation	\$945,000
General Fund--Private/Local Appropriation	\$25,000
TOTAL APPROPRIATION	\$66,116,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,494,000 of the liquor revolving account--state appropriation is provided solely for the liquor control board to implement Initiative Measure No. 502.

(2)(a) The liquor control board must work with the department of health and the department of revenue to develop recommendations for the legislature regarding the interaction of medical marijuana regulations and the provisions of Initiative Measure No. 502. At a minimum, the recommendations must include provisions addressing the following:

- (i) Age limits;
- (ii) Authorizing requirements for medical marijuana;

- (iii) Regulations regarding health care professionals;
- (iv) Collective gardens;
- (v) Possession amounts;
- (vi) Location requirements;
- (vii) Requirements for medical marijuana producing, processing, and retail licensing;
- (viii) Taxation of medical marijuana in relation to recreational marijuana; and

(ix) The state agency that should be the regulatory body for medical cannabis.

(b) The board must submit its recommendations to the appropriate committees of the legislature by January 1, 2014.

NEW SECTION. Sec. 142. FOR THE UTILITIES AND TRANSPORTATION COMMISSION

General Fund--Federal Appropriation	\$150,000
General Fund--Private/Local Appropriation	\$11,228,000
Public Service Revolving Account--State	
Appropriation	\$29,893,000
Pipeline Safety Account--State Appropriation	\$4,411,000
Pipeline Safety Account--Federal Appropriation	\$1,938,000
TOTAL APPROPRIATION	\$47,620,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The commission shall work with the Idaho public utilities commission and the public utility commission of Oregon to identify common regulatory functions that can be performed jointly, with the goal of formalizing an agreement that protects essential services while increasing regulatory effectiveness and efficiencies through economies of scale. The commission is authorized to enter into an agreement with such other state public utility commissions to work jointly in administering specified respective regulatory functions.

(2) Up to \$200,000 of the total appropriation is provided for the commission to continue to evaluate the regulatory processes for energy companies and identify and implement administrative actions to improve those processes. The commission shall develop and adopt a schedule for such administrative actions.

NEW SECTION. Sec. 143. FOR THE MILITARY DEPARTMENT

General Fund--State Appropriation (FY 2014)	\$1,880,000
General Fund--State Appropriation (FY 2015)	\$1,846,000
General Fund--Federal Appropriation	\$140,135,000
Enhanced 911 Account--State Appropriation	\$58,514,000
Disaster Response Account--State Appropriation	\$14,531,000
Disaster Response Account--Federal Appropriation	\$53,253,000
Military Department Rent and Lease Account--State	

Appropriation	\$615,000
Worker and Community Right-to-Know Account--State	

Appropriation	\$2,794,000
TOTAL APPROPRIATION	\$273,568,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$14,531,000 of the disaster response account--state appropriation and \$53,253,000 of the disaster response account--federal appropriation may be spent only on disasters declared by the governor and with the approval of the office of financial management. The military department shall submit a report to the office of financial management and the legislative fiscal committees on October 1st and February 1st of each year detailing information on the disaster response account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2014-2015 biennium based on current revenue and expenditure patterns.

(2) \$75,000,000 of the general fund--federal appropriation is provided solely for homeland security, subject to the following conditions:

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(a) Any communications equipment purchased by local jurisdictions or state agencies shall be consistent with standards set by the Washington state interoperability executive committee; and

(b) The department shall submit an annual report to the office of financial management and the legislative fiscal committees detailing the governor's domestic security advisory group recommendations; homeland security revenues and expenditures, including estimates of total federal funding for the state; and incremental changes from the previous estimate.

NEW SECTION. Sec. 144. FOR THE PUBLIC EMPLOYMENT RELATIONS COMMISSION

General Fund--State Appropriation (FY 2014)	\$1,977,000
General Fund--State Appropriation (FY 2015)	\$2,036,000
Higher Education Personnel Services Account--State	
Appropriation	\$521,000
Personnel Service Account--State Appropriation.....	\$3,300,000
TOTAL APPROPRIATION.....	\$7,834,000

NEW SECTION. Sec. 145. FOR THE BOARD OF ACCOUNTANCY

Certified Public Accountants' Account--State	
Appropriation	\$2,699,000

NEW SECTION. Sec. 146. FOR THE FORENSIC INVESTIGATION COUNCIL

Death Investigations Account--State Appropriation.....	\$498,000
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The appropriation in this section is subject to the following conditions and limitations:

(1) \$250,000 of the death investigations account appropriation is provided solely for providing financial assistance to local jurisdictions in multiple death investigations. The forensic investigation council shall develop criteria for awarding these funds for multiple death investigations involving an unanticipated, extraordinary, and catastrophic event or those involving multiple jurisdictions.

(2) \$210,000 of the death investigations account appropriation is provided solely for providing financial assistance to local jurisdictions in identifying human remains.

NEW SECTION. Sec. 147. FOR THE HORSE RACING COMMISSION

Horse Racing Commission Operating Account--State	
Appropriation	\$3,552,000

The appropriation in this section is subject to the following conditions and limitations: Pursuant to RCW 43.135.055, the commission is authorized to increase licensing fees by up to five percent in fiscal year 2014 and up to five percent in fiscal year 2015; and background check fees by up to one dollar in fiscal year 2014, and up to one dollar in fiscal year 2015.

NEW SECTION. Sec. 148. FOR THE DEPARTMENT OF ENTERPRISE SERVICES

General Fund--State Appropriation (FY 2014)	\$3,654,000
General Fund--State Appropriation (FY 2015)	\$3,628,000
Building Code Council Account--State Appropriation ...	\$1,227,000
TOTAL APPROPRIATION	\$8,509,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,287,000 of the general fund--state appropriation for fiscal year 2014 and \$3,286,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the payment of facilities and services charges, utilities and contracts charges, public and historic facilities charges, and capital projects surcharges allocable to the senate, house of representatives, statute law committee, and joint legislative systems committee. The department shall allocate charges attributable to these agencies among the affected revolving funds. The department shall maintain an interagency agreement with these agencies to establish performance standards, prioritization of preservation and capital improvement projects, and

quality assurance provisions for the delivery of services under this subsection. The legislative agencies named in this subsection shall continue to enjoy all of the same rights of occupancy and space use on the capitol campus as historically established.

(2) In accordance with RCW 46.08.172 and 43.135.055, the department is authorized to increase parking fees in fiscal years 2014 and 2015 as necessary to meet the actual costs of conducting business.

(3) The building code council account appropriation is provided solely for the operation of the state building code council as required by statute and modified by the standards established by executive order 10-06. The council shall not consider any proposed code amendment or take any other action not authorized by statute or in compliance with the standards established in executive order 10-06. No member of the council may receive compensation, per diem, or reimbursement for activities other than physical attendance at those meetings of the state building code council or the council's designated committees, at which the opportunity for public comment is provided generally and on all agenda items upon which the council proposes to take action. The building code council shall comply with chapter 19.85 RCW, known as the regulatory fairness act, by including with all proposed substantial code amendments an analysis addressing cost effectiveness, net benefits, payback periods, and life-cycle costs.

(4) Within funding for the building code council, no moneys may be expended for work on aspirational codes under RCW 19.27A.150. Nothing in this proviso shall inhibit the building code council from adopting and implementing current codes.

(5) The department of enterprise services shall purchase flags needed for ceremonial occasions on the capitol campus in order to fully represent the countries that have an international consulate in Washington state.

(6) Before any agency may purchase a passenger motor vehicle as defined in RCW 43.19.560, the agency must have written approval from the director of the department of enterprise services.

(7) \$2,400,000 of the data processing revolving account appropriation is provided solely for the implementation of a pilot program to implement a strategy and action plan to modernize the state's enterprise financial and administrative systems. The department, the office of financial management, and the office of the chief information officer, will lead the planning effort and establish advisory committees composed of key stakeholders. The plan will include an assessment of the readiness of state government to conduct a business transformation and system replacement project of this scale. The plan shall incorporate the objectives of lean management and should include recommendations on: Project scope, phasing and timeline, expected outcomes and measures of success, product strategy, budget and financing strategy options, risk mitigation, staffing and organization, and strategies to close readiness gaps. The department shall submit the implementation plan to the fiscal committees of the legislature by December 15, 2013.

The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(8) \$8,013,000 of the data processing revolving account appropriation is provided solely for the implementation of a pilot program to implement a time, leave, and attendance enterprise system. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(9) From the fee charged to master contract vendors, the department shall transfer to the office of minority and women's

business enterprises in equal monthly installments \$2,039,000 in fiscal year 2014 and \$2,038,000 in fiscal year 2015.

(10) The legislature intends to review for purchase parcel number one and surrounding property on McNeil Island. The department shall coordinate with the federal government to obtain an appraisal determining the fair market value and shall provide an estimate to the legislative fiscal committees by October 1, 2013.

NEW SECTION. Sec. 149. FOR THE BOARD FOR VOLUNTEER FIREFIGHTERS

Volunteer Firefighters' and Reserve Officers'

Administrative Account--State Appropriation.....\$1,044,000

NEW SECTION. Sec. 150. FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION

General Fund--State Appropriation (FY 2014)\$1,293,000

General Fund--State Appropriation (FY 2015)\$1,242,000

General Fund--Federal Appropriation\$1,950,000

General Fund--Private/Local Appropriation.....\$14,000

TOTAL APPROPRIATION\$4,499,000

The appropriations in this section are subject to the following conditions and limitations: Within the amounts appropriated in this section, the department shall report the following data on the survey and inventory processes to the appropriate policy and fiscal committees of the legislature on December 1, 2013, and December 1, 2014: The number of survey and inventory reports and sites received, by month, provided to the department responsive to state and federal laws; the number, by month, of resources or records reported pursuant to the survey and inventory processes. In addition, the department shall seek to obtain, and encourage reporting of, cultural resource compliance contract costs.

(End of part)

PART II HUMAN SERVICES

NEW SECTION. Sec. 201. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES

(1) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act. Appropriations made in this act to the department of social and health services shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act except as expressly provided in this act, nor shall allotment modifications permit moneys that are provided solely for a specified purpose to be used for other than that purpose.

(2) The department of social and health services shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(3)(a) The health care authority and the department are authorized to develop an integrated health care program designed to slow the progression of illness and disability and better manage

medicaid expenditures for the aged and disabled population. Under the Washington medicaid integration partnership (WMIP) and the medicare integrated care project (MICP), the health care authority and the department may combine and transfer such medicaid funds appropriated under sections 204, 206, 208, and 213 of this act as may be necessary to finance a unified health care plan for the WMIP and the MICP program enrollment. The WMIP pilot projects shall not exceed a daily enrollment of 6,000 persons, nor expand beyond one county during the 2013-2015 fiscal biennium. The amount of funding assigned from each program may not exceed the average per capita cost assumed in this act for individuals covered by that program, actuarially adjusted for the health condition of persons enrolled, times the number of clients enrolled. In implementing the WMIP and the MICP, the health care authority and the department may: (i) Withhold from calculations of "available resources" as set forth in RCW 71.24.025 a sum equal to the capitated rate for enrolled individuals; and (ii) employ capitation financing and risk-sharing arrangements in collaboration with health care service contractors licensed by the office of the insurance commissioner and qualified to participate in both the medicaid and medicare programs.

(b) If Washington has been selected to participate in phase two of the federal demonstration project for persons dually-eligible for both medicare and medicaid, the department and the authority may initiate the MICP. Participation in the project shall be limited to persons who are eligible for both medicare and medicaid and to counties in which the county legislative authority has agreed to the terms and conditions under which it will operate. The purpose of the project shall be to demonstrate and evaluate ways to improve care while reducing state expenditures for persons enrolled both in medicare and medicaid. To that end, prior to initiating the project, the department and the authority shall assure that state expenditures shall be no greater on either a per person or total basis than the state would otherwise incur. Individuals who are solely eligible for medicaid may also participate if their participation is agreed to by the health care authority, the department, and the county legislative authority.

(4) The legislature finds that medicaid payment rates, as calculated by the department pursuant to the appropriations in this act, bear a reasonable relationship to the costs incurred by efficiently and economically operated facilities for providing quality services and will be sufficient to enlist enough providers so that care and services are available to the extent that such care and services are available to the general population in the geographic area. The legislature finds that cost reports, payment data from the federal government, historical utilization, economic data, and clinical input constitute reliable data upon which to determine the payment rates.

(5) The department shall to the maximum extent practicable use the same system for delivery of spoken-language interpreter services for social services appointments as the one established for medical appointments in section 213 of this act. When contracting directly with an individual to deliver spoken language interpreter services, the department shall only contract with language access providers who are working at a location in the state and who are state-certified or state-authorized, except that when such a provider is not available, the department may use a language access provider who meets other certifications or standards deemed to meet state standards, including interpreters in other states.

(6) The department shall facilitate enrollment under the medicaid expansion for clients applying for or receiving state funded services from the department and its contractors. Prior to open enrollment, the department shall coordinate with the health care authority to provide referrals to the Washington health benefit exchange for clients that will be ineligible for the medicaid expansion but are enrolled in coverage that will be eliminated in the transition to the medicaid expansion.

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NEW SECTION. Sec. 202. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--CHILDREN AND FAMILY SERVICES PROGRAM

General Fund--State Appropriation (FY 2014)	\$296,676,000
General Fund--State Appropriation (FY 2015)	\$297,641,000
General Fund--Federal Appropriation	\$489,939,000
General Fund--Private/Local Appropriation.....	\$1,354,000
Home Security Fund Account--State Appropriation	\$10,741,000
Domestic Violence Prevention Account--State	
Appropriation	\$1,240,000
Child and Family Reinvestment Account--State	
Appropriation	\$6,491,000
TOTAL APPROPRIATION	\$1,104,082,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Within amounts provided for the foster care and adoption support programs, the department shall control reimbursement decisions for foster care and adoption support cases such that the aggregate average cost per case for foster care and for adoption support does not exceed the amounts assumed in the projected caseload expenditures.

(2) \$668,000 of the general fund--state appropriation for fiscal year 2014 and \$668,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to contract for the operation of one pediatric interim care center. The center shall provide residential care for up to thirteen children through two years of age. Seventy-five percent of the children served by the center must be in need of special care as a result of substance abuse by their mothers. The center shall also provide on-site training to biological, adoptive, or foster parents. The center shall provide at least three months of consultation and support to the parents accepting placement of children from the center. The center may recruit new and current foster and adoptive parents for infants served by the center. The department shall not require case management as a condition of the contract.

(3) \$538,500 of the general fund--state appropriation for fiscal year 2014, \$539,500 of the general fund--state appropriation for fiscal year 2015, \$656,000 of the general fund--private/local appropriation, and \$253,000 of the general fund--federal appropriation are provided solely for children's administration to contract with an educational advocacy provider with expertise in foster care educational outreach. The amounts in this subsection are provided solely for contracted education coordinators to assist foster children in succeeding in K-12 and higher education systems and to assure a focus on education during the transition to performance based contracts. Funding shall be prioritized to regions with high numbers of foster care youth and/or regions where backlogs of youth that have formerly requested educational outreach services exist. The department shall utilize private matching funds to maintain educational advocacy services.

(4) \$10,741,000 of the home security fund--state appropriation is provided solely for the department to contract for services pursuant to RCW 13.32A.030 and 74.15.220. The department shall contract and collaborate with service providers in a manner that maintains the availability and geographic representation of secure and semi-secure crisis residential centers and HOPE centers. To achieve efficiencies and increase utilization, the department shall allow the co-location of these centers, except that a youth may not be placed in a secure facility or the secure portion of a co-located facility except as specifically authorized by chapter 13.32A RCW. The reductions to appropriations in this subsection related to semi-secure crisis residential centers reflect a reduction to the number of beds for semi-secure crisis residential centers and not a reduction in rates. Any secure crisis residential center or semi-secure crisis residential center bed reduction shall not be based

solely upon bed utilization. The department is to exercise its discretion in reducing the number of beds but to do so in a manner that maintains availability and geographic representation of semi-secure and secure crisis residential centers.

(5) \$125,000 of the general fund--state appropriation for fiscal year 2014 and \$125,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a community-based organization that has innovated, developed, and replicated a foster care delivery model that includes a licensed hub home. The community-based organization will provide training and technical assistance to the children's administration to develop five hub home models in region 2 that will improve child outcomes, support foster parents, and encourage the least restrictive community placements for children.

(6) \$73,000 of the general fund--state appropriation for fiscal year 2014, \$20,000 of the general fund--state appropriation for fiscal year 2015, and \$31,000 of the general fund--federal appropriation are provided solely for implementation of Second Substitute House Bill No. 1566 (youth in out-of-home care). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(7) \$88,000 of the general fund--state appropriation for fiscal year 2014, \$2,000 of the general fund--state appropriation for fiscal year 2015, and \$28,000 of the general fund--federal appropriation are provided solely for implementation of Engrossed Substitute House Bill No. 1774 (child welfare system). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(8) \$1,698,000 of the general fund--state appropriation for fiscal year 2014, \$2,788,000 of the general fund--state appropriation for fiscal year 2015, and \$1,894,000 of the general fund--federal appropriation are provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5405 (extended foster care). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(9) \$579,000 of the general fund--state appropriation for fiscal year 2014, \$579,000 of the general fund--state appropriation for fiscal year 2015, and \$109,000 of the general fund--federal appropriation are provided solely for a receiving care center east of the Cascade mountains.

(10)(a) \$446,000 of the general fund--state appropriation for fiscal year 2014 and \$446,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a contract with a nongovernmental entity or entities to establish one demonstration site in a school district or group of school districts in western Washington.

(b) The children's administration and the nongovernmental entity or entities shall collaboratively select the demonstration site. The demonstration site should be a school district or group of school districts with a significant number of students who are dependent pursuant to chapter 13.34 RCW.

(c) The demonstration site established under this subsection must be selected by September 1, 2013.

(d) The purpose of the demonstration site is to improve the educational outcomes of students who are dependent pursuant to chapter 13.34 RCW by providing individualized education services and monitoring and supporting dependent youths' completion of educational milestones, remediation needs, and special education needs.

(e) The demonstration site established under this subsection must facilitate the educational progress and graduation of dependent youth. The contract must be performance-based with a stated goal of improving the graduation rates of foster youth by two percent per year over five school year periods, starting with the 2014-15 school year and ending with the 2019-20 school year. The demonstration

site must develop and provide services aimed at improving the educational outcomes of foster youth. These services must include:

- (i) Direct advocacy for foster youth to eliminate barriers to educational access and success;
- (ii) Consultation with department of social and health services case workers to develop educational plans for and with participating youth;
- (iii) Monitoring education progress of participating youth;
- (iv) Providing participating youth with school and local resources that may assist in educational access and success; and
- (v) Coaching youth, caregivers, and social workers to advocate for dependent youth in the educational system.

(f) The contracted nongovernmental entity or entities must report demonstration site outcomes to the department of social and health services and the office of public instruction by June 30, 2014, for the 2013-14 school year, and by June 30, 2015, for the 2014-15 school year.

(g) The children's administration must proactively refer all students fifteen years or older, within the demonstration site area, to the selected nongovernmental entity for educational services.

(h) The children's administration must report quarterly to the legislature on the number of eligible youth and number of youth referred for services beginning at the close of the second quarter of fiscal year 2014 and through the final quarter of fiscal year 2015.

(i) The contracted nongovernmental entity or entities shall report to the legislature by June 30, 2015, on the effectiveness of the demonstration site in increasing graduation rates for dependent youth.

(11) \$50,000 of the general fund--state appropriation for fiscal year 2014, and \$50,000 of the general fund--state appropriation for fiscal year 2015, and \$256,000 of the general fund--federal appropriation are provided solely for implementation of Substitute Senate Bill No. 5315 (Powell fatality team). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(12) \$670,000 of the general fund--state appropriation for fiscal year 2014 and \$670,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for services provided through children's advocacy centers.

(13)(a) \$22,695,000 of the general fund--state appropriation for fiscal year 2014, \$22,695,000 of the general fund--state appropriation for fiscal year 2015, and \$28,450,000 of the general fund--federal appropriation are provided solely for services for children and families. Prior to approval of contract services pursuant to RCW 74.13B.020, the amounts provided in this section shall be allotted on a monthly basis and expenditures shall not exceed allotments based on a three-month rolling average without approval of the office of financial management following notification to the legislative fiscal committees.

(b) The department shall provide these services to safely reduce the number of children in out-of-home care, the time spent in out-of-home care prior to achieving permanency, and the number of children returning to out-of-home care following permanency.

(14) \$1,783,000 of the general fund--state appropriation for fiscal year 2015, \$6,491,000 of the child and family reinvestment account--state appropriation, and \$8,274,000 of the general fund--federal appropriation, are provided solely for the implementation and operations of the family assessment response program.

NEW SECTION. Sec. 203. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--JUVENILE REHABILITATION PROGRAM

General Fund--State Appropriation (FY 2014)	\$89,967,000
General Fund--State Appropriation (FY 2015)	\$90,255,000
General Fund--Federal Appropriation	\$3,464,000

General Fund--Private/Local Appropriation.....	\$1,981,000
Washington Auto Theft Prevention Authority Account-- State Appropriation	\$196,000
Reinvesting in Youth--State Appropriation.....	\$383,000
Juvenile Accountability Incentive Account--Federal Appropriation	\$2,801,000
TOTAL APPROPRIATION	\$189,047,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$331,000 of the general fund--state appropriation for fiscal year 2014 and \$331,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for deposit in the county criminal justice assistance account for costs to the criminal justice system associated with the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county adult court costs associated with the implementation of chapter 338, Laws of 1997 and shall be distributed in accordance with RCW 82.14.310.

(2) \$2,716,000 of the general fund--state appropriation for fiscal year 2014 and \$2,716,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county impacts associated with the implementation of chapter 338, Laws of 1997 and shall be distributed to counties as prescribed in the current consolidated juvenile services (CJS) formula.

(3) \$3,482,000 of the general fund--state appropriation for fiscal year 2014 and \$3,482,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

(4) \$1,130,000 of the general fund--state appropriation for fiscal year 2014 and \$1,130,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to implement alcohol and substance abuse treatment programs for locally committed offenders. The juvenile rehabilitation administration shall award these moneys on a competitive basis to counties that submitted a plan for the provision of services approved by the division of alcohol and substance abuse. The juvenile rehabilitation administration shall develop criteria for evaluation of plans submitted and a timeline for awarding funding and shall assist counties in creating and submitting plans for evaluation.

(5) \$3,123,000 of the general fund--state appropriation for fiscal year 2014 and \$3,123,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for grants to county juvenile courts for the following programs identified by the Washington state institute for public policy (institute) in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Functional family therapy, multi-systemic therapy, aggression replacement training and interagency coordination programs, or other programs with a positive benefit-cost finding in the institute's report. County juvenile courts shall apply to the juvenile rehabilitation administration for funding for program-specific participation and the administration shall provide grants to the courts consistent with the per-participant treatment costs identified by the institute.

(6) \$1,537,000 of the general fund--state appropriation for fiscal year 2014 and \$1,537,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for expansion of the following treatments and therapies in juvenile rehabilitation administration programs identified by the Washington state institute for public policy in its October 2006 report: "Evidence-Based

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Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Multidimensional treatment foster care, family integrated transitions, and aggression replacement training, or other programs with a positive benefit-cost finding in the institute's report. The administration may concentrate delivery of these treatments and therapies at a limited number of programs to deliver the treatments in a cost-effective manner.

(7)(a) The juvenile rehabilitation administration shall administer a block grant, rather than categorical funding, of consolidated juvenile service funds, community juvenile accountability act grants, the chemical dependency disposition alternative funds, the mental health disposition alternative, and the sentencing disposition alternative for the purpose of serving youth adjudicated in the juvenile justice system. In making the block grant, the juvenile rehabilitation administration shall follow the following formula and will prioritize evidence-based programs and disposition alternatives and take into account juvenile courts program-eligible youth in conjunction with the number of youth served in each approved evidence-based program or disposition alternative: (i) Thirty-seven and one-half percent for the at-risk population of youth ten to seventeen years old; (ii) fifteen percent for moderate and high-risk youth; (iii) twenty-five percent for evidence-based program participation; (iv) seventeen and one-half percent for minority populations; (v) three percent for the chemical dependency disposition alternative; and (vi) two percent for the mental health and sentencing dispositional alternatives. Funding for the special sex offender disposition alternative (SSODA) shall not be included in the block grant, but allocated on the average daily population in juvenile courts. Funding for the evidence-based expansion grants shall be excluded from the block grant formula. Funds may be used for promising practices when approved by the juvenile rehabilitation administration and juvenile courts, through the community juvenile accountability act committee, based on the criteria established in consultation with Washington state institute for public policy and the juvenile courts.

(b) The juvenile rehabilitation administration and the juvenile courts shall establish a block grant funding formula oversight committee with equal representation from the juvenile rehabilitation administration and the juvenile courts. The purpose of this committee is to assess the ongoing implementation of the block grant funding formula, utilizing data-driven decision making and the most current available information. The committee will be cochaired by the juvenile rehabilitation administration and the juvenile courts, who will also have the ability to change members of the committee as needed to achieve its purpose. Initial members will include one juvenile court representative from the finance committee, the community juvenile accountability act committee, the risk assessment quality assurance committee, the executive board of the Washington association of juvenile court administrators, the Washington state center for court research, and a representative of the superior court judges association; two representatives from the juvenile rehabilitation administration headquarters program oversight staff, two representatives of the juvenile rehabilitation administration regional office staff, one representative of the juvenile rehabilitation administration fiscal staff and a juvenile rehabilitation administration division director. The committee may make changes to the formula categories other than the evidence-based program and disposition alternative categories if it is determined the changes will increase statewide service delivery or effectiveness of evidence-based program or disposition alternative resulting in increased cost benefit savings to the state. Long-term cost benefit must be considered. Percentage changes may occur in the evidence-based program or disposition alternative categories of the formula should it be determined the

changes will increase evidence-based program or disposition alternative delivery and increase the cost benefit to the state. These outcomes will also be considered in determining when evidence-based expansion or special sex offender disposition alternative funds should be included in the block grant or left separate.

(c) The juvenile courts and administrative office of the courts shall be responsible for collecting and distributing information and providing access to the data systems to the juvenile rehabilitation administration and the Washington state institute for public policy related to program and outcome data. The juvenile rehabilitation administration and the juvenile courts will work collaboratively to develop program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(8) The juvenile courts and administrative office of the courts shall collect and distribute information related to program outcome and provide access to these data systems to the juvenile rehabilitation administration and Washington state institute for public policy. The agreements between administrative office of the courts, the juvenile courts, and the juvenile rehabilitation administration shall be executed to ensure that the juvenile rehabilitation administration receives the data that the juvenile rehabilitation administration identifies as needed to comply with this subsection. This includes, but is not limited to, information by program at the statewide aggregate level, individual court level, and individual client level for the purpose of the juvenile rehabilitation administration providing quality assurance and oversight for the locally committed youth block grant and associated funds and at times as specified by the juvenile rehabilitation administration as necessary to carry out these functions. The data shall be provided in a manner that reflects the collaborative work the juvenile rehabilitation administration and juvenile courts have developed regarding program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(9) \$445,000 of the general fund--state appropriation for fiscal year 2014 and \$445,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for funding of the teamchild project.

(10) \$178,000 of the general fund--state appropriation for fiscal year 2014 and \$178,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the juvenile detention alternatives initiative.

(11) \$250,000 of the general fund--state appropriation for fiscal year 2014 and \$250,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a grant program focused on criminal street gang prevention and intervention. The Washington state partnership council on juvenile justice may award grants under this subsection. The council shall give priority to applicants who have demonstrated the greatest problems with criminal street gangs. Applicants composed of, at a minimum, one or more local governmental entities and one or more nonprofit, nongovernmental organizations that have a documented history of creating and administering effective criminal street gang prevention and intervention programs may apply for funding under this subsection.

NEW SECTION. Sec. 204. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MENTAL HEALTH PROGRAM

(1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund--State Appropriation (FY 2014)	\$327,467,000
General Fund--State Appropriation (FY 2015)	\$308,723,000
General Fund--Federal Appropriation	\$561,394,000
General Fund--Private/Local Appropriation.....	\$17,864,000

TOTAL APPROPRIATION\$1,215,448,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$104,999,000 of the general fund--state appropriation for fiscal year 2014 and \$85,895,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for persons and services not covered by the medicaid program. To the extent possible, levels of regional support network spending shall be maintained in the following priority order: Crisis and commitment services; community inpatient services; and residential care services, including personal care and emergency housing assistance. This is a reduction in flexible nonmedicaid funding of \$4,343,000 for fiscal year 2014 and \$23,446,000 for fiscal year 2015. This reduction reflects offsets in state funding related to services that will now be funded with federal dollars through the affordable care act medicaid expansion. This reduction shall be distributed as follows:

(i) The \$4,343,000 reduction in fiscal year 2014 and \$11,723,000 of the reduction in fiscal year 2015 must be distributed among regional support networks based on a formula that equally weights each regional support networks proportion of individuals who become newly eligible and enroll in medicaid under the expansion provisions of the affordable care act in fiscal year 2014 and each regional support network's spending of flexible nonmedicaid funding on services that would be reimbursable for federal medicaid matching funds if provided to medicaid enrollees in the 2011-2013 fiscal biennium.

(ii) The remaining \$11,723,000 reduction in fiscal year 2015 must be distributed among regional support networks based on each regional support network's proportion of individuals who become newly eligible and enroll in medicaid under the expansion provisions of the affordable care act through fiscal year 2015.

(b) \$6,590,000 of the general fund--state appropriation for fiscal year 2014, \$6,590,000 of the general fund--state appropriation for fiscal year 2015, and \$7,620,000 of the general fund--federal appropriation are provided solely for the department and regional support networks to continue to contract for implementation of high-intensity programs for assertive community treatment (PACT) teams. In determining the proportion of medicaid and nonmedicaid funding provided to regional support networks with PACT teams, the department shall consider the differences between regional support networks in the percentages of services and other costs associated with the teams that are not reimbursable under medicaid. The department may allow regional support networks which have nonmedicaid reimbursable costs that are higher than the nonmedicaid allocation they receive under this section to supplement these funds with local dollars or funds received under section 204(1)(a) of this act. The department and regional support networks shall maintain consistency with all essential elements of the PACT evidence-based practice model in programs funded under this section.

(c) \$5,850,000 of the general fund--state appropriation for fiscal year 2014, \$5,850,000 of the general fund--state appropriation for fiscal year 2015, and \$1,300,000 of the general fund--federal appropriation are provided solely for the western Washington regional support networks to provide either community- or hospital campus-based services for persons who require the level of care previously provided by the program for adaptive living skills (PALS) at western state hospital.

(d) The number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall be 192 per day. The number of nonforensic beds allocated for use by regional support networks at western state hospital shall be 557 per day.

(e) From the general fund--state appropriations in this subsection, the secretary of social and health services shall assure that regional support networks reimburse the aging and disability services administration for the general fund--state cost of medicaid

personal care services that enrolled regional support network consumers use because of their psychiatric disability.

(f) The department is authorized to continue to contract directly, rather than through contracts with regional support networks, for children's long-term inpatient facility services.

(g) \$750,000 of the general fund--state appropriation for fiscal year 2014 and \$750,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to continue performance-based incentive contracts to provide appropriate community support services for individuals with severe mental illness who were discharged from the state hospitals as part of the expanding community services initiative. These funds will be used to enhance community residential and support services provided by regional support networks through other state and federal funding.

(h) \$1,125,000 of the general fund--state appropriation for fiscal year 2014 and \$1,125,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Spokane regional support network to implement services to reduce utilization and the census at eastern state hospital. Such services shall include:

(i) High intensity treatment team for persons who are high utilizers of psychiatric inpatient services, including those with co-occurring disorders and other special needs;

(ii) Crisis outreach and diversion services to stabilize in the community individuals in crisis who are at risk of requiring inpatient care or jail services;

(iii) Mental health services provided in nursing facilities to individuals with dementia, and consultation to facility staff treating those individuals; and

(iv) Services at the sixteen-bed evaluation and treatment facility.

At least annually, the Spokane regional support network shall assess the effectiveness of these services in reducing utilization at eastern state hospital, identify services that are not optimally effective, and modify those services to improve their effectiveness.

(i) \$1,529,000 of the general fund--state appropriation for fiscal year 2014 and \$1,529,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to reimburse Pierce and Spokane counties for the cost of conducting 180-day commitment hearings at the state psychiatric hospitals.

(j) Regional support networks may use local funds to earn additional federal medicaid match, provided the locally matched rate does not exceed the upper-bound of their federally allowable rate range, and provided that the enhanced funding is used only to provide medicaid state plan or waiver services to medicaid clients. Additionally, regional support networks may use a portion of the state funds allocated in accordance with (a) of this subsection to earn additional medicaid match, but only to the extent that the application of such funds to medicaid services does not diminish the level of crisis and commitment, community inpatient, residential care, and outpatient services presently available to persons not eligible for medicaid.

(k) \$3,436,000 of the general fund--state appropriation for fiscal year 2014 and \$2,291,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for mental health services for mentally ill offenders while confined in a county or city jail and for facilitating access to programs that offer mental health services upon release from confinement.

(l) \$523,000 of the general fund--state appropriation for fiscal year 2014, \$775,000 of the general fund--state appropriation for fiscal year 2015, and \$854,000 of the general fund--federal appropriation are provided solely for implementation of sections 3 through 5 of chapter 289, Laws of 2013 (E2SHB 1114). Regional support networks must use this funding for the development of intensive community programs that allow individuals to be diverted or transitioned from the state hospitals in accordance with plans approved by the department.

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(m) \$5,986,000 of the general fund--state appropriation for fiscal year 2014, \$11,592,000 of the general fund--state appropriation for fiscal year 2015, and \$10,160,000 of the general fund--federal appropriation are provided solely for implementation of chapter 335, Laws of 2013 (ESSB 5480). Regional support networks must use this funding for the development of intensive community programs that allow individuals to be diverted or transitioned from the state hospitals in accordance with plans approved by the department.

(n) Due to recent approval of federal medicaid matching funds for the disability lifeline and the alcohol and drug abuse treatment support act programs, the department shall charge regional support networks for only the state share rather than the total cost of community psychiatric hospitalization for persons enrolled in those programs.

(o) The legislature finds that the circumstances of the Chelan-Douglas regional support network (CD-RSN) make it necessary for CD-RSN to undergo restructuring in order to provide mental health services essential to the health and wellness of the citizens within its service area. The legislature intends to provide additional temporary financial relief to the CD-RSN while it undergoes internal restructuring or negotiates a merger with another regional support network.

The department shall negotiate relief for outstanding fiscal year 2013 reimbursements owed by CD-RSN to the state provided that the CD-RSN has a plan in place that is approved by the department by August 1, 2013, that demonstrates how CD-RSN will maintain financial viability and stability or will merge with another regional support network.

For the period of July 1, 2013, through December 31, 2013, the department may alter collection of reimbursement from CD-RSN for overuse of state hospital beds. To receive a reduction to the required reimbursement for overuse of state hospital beds, CD-RSN must continue to prioritize services that reduce its utilization and census at eastern state hospital and be actively implementing an approved plan to maintain financial viability or pursuing a future merger with another regional support network. Up to \$298,000 of the general fund--state appropriation for fiscal year 2014 is for the department to provide payments to regional support networks in eastern Washington which have used less than their allocated or contracted patient days of care at the state hospital to replace the share of the reimbursements from CD-RSN that the regional support networks would have received under RCW 71.24.320.

(p) \$266,000 of the general fund--state appropriation for fiscal year 2014 is provided solely to maintain services for the King county regional support network as it works to transition services to settings that are eligible for federal participation for individuals covered under the medicaid program.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2014)	\$135,246,000
General Fund--State Appropriation (FY 2015)	\$131,863,000
General Fund--Federal Appropriation	\$150,863,000
General Fund--Private/Local Appropriation.....	\$63,097,000
TOTAL APPROPRIATION	\$481,069,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The state psychiatric hospitals may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

(b) \$231,000 of the general fund--state appropriation for fiscal year 2014 and \$231,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a community partnership between western state hospital and the city of Lakewood to support community policing efforts in the Lakewood community surrounding western state hospital. The amounts provided in this

subsection (2)(b) are for the salaries, benefits, supplies, and equipment for one full-time investigator, one full-time police officer, and one full-time community service officer at the city of Lakewood.

(c) \$45,000 of the general fund--state appropriation for fiscal year 2014 and \$45,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for payment to the city of Lakewood for police services provided by the city at western state hospital and adjacent areas.

(d) \$20,000,000 of the general fund--state appropriation for fiscal year 2014 and \$20,000,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to maintain staffed capacity to serve an average daily census in forensic wards at western state hospital of 270 patients per day.

(e) \$2,068,000 of the general fund--state appropriation for fiscal year 2014, \$2,066,000 of the general fund--state appropriation for fiscal year 2015, and \$240,000 of the general fund--federal appropriation are provided solely for the state psychiatric hospitals to plan, procure, and implement the core elements of an electronic medical record system that is compliant with the international classification of diseases (ICD-10) by October 1, 2014. These funds must only be used for an electronic medical record system that meets federal criteria for electronic sharing of patient information and clinical care summaries with doctors' offices, hospitals, and health systems which use federally certified electronic health record systems. The procurement and implementation shall be conducted to allow for these services to be expanded to the department of corrections. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(3) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2014)	\$1,609,000
General Fund--State Appropriation (FY 2015)	\$1,610,000
General Fund--Federal Appropriation	\$6,286,000
TOTAL APPROPRIATION	\$9,505,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$1,161,000 of the general fund--state appropriation for fiscal year 2014 and \$1,161,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for children's evidence-based mental health services.

(b) \$446,000 of the general fund--state appropriation for fiscal year 2014, \$446,000 of the general fund--state appropriation for fiscal year 2015, and \$178,000 of the general fund--federal appropriation are provided solely for the University of Washington's evidence-based practice institute which supports the identification, evaluation, and implementation of evidence-based or promising practices. The institute must work with the department to develop a plan to seek private, federal, or other grant funding in order to reduce the need for state general funds. The institute and the department must submit this plan to the office of financial management and the fiscal committees of the legislature by December 1, 2013.

(4) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2014)	\$5,287,000
General Fund--State Appropriation (FY 2015)	\$4,777,000
General Fund--Federal Appropriation	\$7,711,000
General Fund--Private/Local Appropriation.....	\$502,000
TOTAL APPROPRIATION	\$18,277,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) In accordance with RCW 43.20B.110, 43.135.055, and 71.24.035, the department is authorized to adopt license and certification fees in fiscal years 2014 and 2015 to support the costs

of the regulatory program. The department's fee schedule shall have differential rates for providers with proof of accreditation from organizations that the department has determined to have substantially equivalent standards to those of the department, including but not limited to the joint commission on accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, and the council on accreditation. To reflect the reduced costs associated with regulation of accredited programs, the department's fees for organizations with such proof of accreditation must reflect the lower costs of licensing for these programs than for other organizations which are not accredited.

(b) \$74,000 of the general fund--state appropriation for fiscal year 2014, \$74,000 of the general fund--state appropriation for fiscal year 2015, and \$78,000 of the general fund--federal appropriation are provided solely for implementation of chapter 335, Laws of 2013 (ESSB 5480).

(c) \$160,000 of the general fund--state appropriation for fiscal year 2014 and \$80,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of chapter 284, Laws of 2013 (ESSB 5551).

(d) In developing the new medicaid managed care rates under which the public mental health managed care system will operate, the department must seek to estimate the reasonable and necessary cost of efficiently and effectively providing a comparable set of medically necessary mental health benefits to persons of different acuity levels regardless of where in the state they live. The department must report to the office of financial management and to the relevant fiscal and policy committees of the legislature on its proposed new mental health managed care rate-setting approach by August 1, 2013, and again at least sixty days prior to implementation of new capitation rates.

(e) \$349,000 of the general fund--state appropriation for fiscal year 2014, \$212,000 of the general fund--state appropriation for fiscal year 2015, and \$302,000 of the general fund--federal appropriation are provided solely to implement chapter 320, Laws of 2013 (ESHB 1519) and chapter 338, Laws of 2013 (2SSB 5732).

(f) The department shall work cooperatively with the health care authority to explore the feasibility of incentivizing small, rural hospitals to convert, in part or fully, some of their beds to psychiatric treatment beds. No later than December 31, 2014, the department shall report to the appropriate fiscal committees of the legislature on the feasibility of such conversion. The report shall consider rate enhancements and the ability to claim federal medicaid matching funds on converted beds.

(g) \$75,000 of the general fund--state appropriation for fiscal year 2014 and \$21,000 of the general fund--federal appropriation are provided for implementation of section 9, chapter 197, Laws of 2013 (ESHB 1336). The department must utilize these funds for mental health first aid training targeted at teachers and educational staff in accordance with the training model developed by the department of psychology in Melbourne, Australia.

(h) Within the amounts appropriated in this section, funding is provided for the department to continue to develop the child adolescent needs and strengths assessment tool and build workforce capacity to provide evidence based wraparound services for children, consistent with the anticipated settlement agreement in *T.R. v. Dreyfus and Porter*.

NEW SECTION. Sec. 205. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--DEVELOPMENTAL AND DISABILITIES PROGRAM

(1) COMMUNITY SERVICES

General Fund--State Appropriation (FY 2014)	\$439,963,000
General Fund--State Appropriation (FY 2015)	\$458,131,000
General Fund--Federal Appropriation	\$820,769,000
General Fund--Private/Local Appropriation.....	\$21,000

TOTAL APPROPRIATION\$1,718,884,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) In accordance with RCW 18.51.050, 18.20.050, 70.128.060, and 43.135.055, the department is authorized to increase nursing facility, assisted living facility, and adult family home fees as necessary to fully support the actual costs of conducting the licensure, inspection, and regulatory programs. The license fees may not exceed the department's annual licensing and oversight activity costs and shall include the department's cost of paying providers for the amount of the license fee attributed to medicaid clients.

(i) The current annual renewal license fee for adult family homes shall be increased to \$225 per bed beginning in fiscal year 2014 and \$225 per bed beginning in fiscal year 2015. A processing fee of \$2,750 shall be charged to each adult family home when the home is initially licensed. This fee is nonrefundable.

(ii) The current annual renewal license fee for assisted living facilities shall be increased to \$106 per bed beginning in fiscal year 2014 and \$106 per bed beginning in fiscal year 2015.

(iii) The current annual renewal license fee for nursing facilities shall be increased to \$359 per bed beginning in fiscal year 2014 and \$359 per bed beginning in fiscal year 2015.

(c) \$13,301,000 of the general fund--state appropriation for fiscal year 2014, \$20,607,000 of the general fund--state appropriation for fiscal year 2015, and \$33,910,000 of the general fund federal appropriation are provided solely for the implementation of the agreement reached between the governor and the service employees international union healthcare 775nw through an interest arbitration decision under the provisions of chapters 74.39A and 41.56 RCW for the 2013-2015 fiscal biennium.

(d) \$6,244,000 of the general fund--state appropriation for fiscal year 2014 and \$6,244,000 of the general fund--state appropriation for fiscal year 2015 are appropriated solely for the individual and family support program. Within these amounts, the department shall expand the current number of clients receiving services and focus on extending services to individuals with developmental disabilities who are not otherwise receiving paid services from the department.

(e) No later than December 31, 2013, the department shall report to the appropriate fiscal committees of the legislature with a strategy to reduce the rate disparity between urban and suburban residential service providers. The report shall include a proposal for a rate component that recognizes differences in costs as they relate to the geographical location of the provider; however, the proposed component shall use a geographical variable that is more granular than the provider's county.

(f) \$1,547,000 of the general fund--state appropriation for fiscal year 2015, and \$4,790,000 of the general fund--federal appropriation are provided solely for a payment system that satisfies medicaid requirements regarding time reporting for W-2 providers. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(g) \$1,707,000 of the general fund--state appropriation for fiscal year 2014, \$2,670,000 of the general fund--state appropriation for fiscal year 2015, and \$4,376,000 of the general fund--federal appropriation are provided solely for the homecare agency parity impacts of the service employees international union healthcare 775nw arbitration award.

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(h) The department is authorized to establish limited exemption criteria in rule to address RCW 74.39A.325 when a landline phone is not available to the employee.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2014)	\$85,261,000
General Fund--State Appropriation (FY 2015)	\$84,980,000
General Fund--Federal Appropriation	\$160,021,000
General Fund--Private/Local Appropriation.....	\$23,041,000
TOTAL APPROPRIATION	\$353,303,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) \$721,000 of the general fund--state appropriation for fiscal year 2014 and \$721,000 of the general fund--state appropriation for fiscal year 2015 are for the department to fulfill its contracts with the school districts under chapter 28A.190 RCW to provide transportation, building space, and other support services as are reasonably necessary to support the educational programs of students living in residential habilitation centers.

(3) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2014)	\$1,943,000
General Fund--State Appropriation (FY 2015)	\$1,993,000
General Fund--Federal Appropriation	\$1,957,000
TOTAL APPROPRIATION	\$5,893,000

(4) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2014)	\$1,400,000
General Fund--State Appropriation (FY 2015)	\$1,400,000
General Fund--Federal Appropriation	\$1,200,000
TOTAL APPROPRIATION	\$4,000,000

NEW SECTION. Sec. 206. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--AGING AND ADULT SERVICES PROGRAM

General Fund--State Appropriation (FY 2014)	\$869,628,000
General Fund--State Appropriation (FY 2015)	\$923,218,000
General Fund--Federal Appropriation	\$1,934,089,000
General Fund--Private/Local Appropriation.....	\$30,122,000
Traumatic Brain Injury Account--State Appropriation....	\$3,393,000
Skilled Nursing Facility Safety Net Trust Account--State Appropriation	\$88,000,000
TOTAL APPROPRIATION	\$3,848,450,000

The appropriations in this section are subject to the following conditions and limitations:

(1) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall not exceed \$171.35 for fiscal year 2014 and shall not exceed \$171.58 for fiscal year 2015, including the rate add-ons described in (a) and (b) of this subsection. However, if the waiver requested from the federal centers for medicare and medicaid services in relation to the safety net assessment is for any reason disapproved, the weighted average nursing facility payment rate shall not exceed \$162.43 for fiscal year 2014 and shall not exceed \$163.58 for fiscal year 2015. There will be no adjustments for economic trends and conditions in fiscal years 2014 and 2015. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or factors defined in any other biennial appropriations acts before applying it to the component rate allocations established in accordance with chapter 74.46 RCW. When no economic trends and conditions factor for either fiscal year is defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be

applied solely or compounded to the component rate allocations established in accordance with chapter 74.46 RCW.

(a) Within the funds provided, the department shall continue to provide an add-on per medicaid resident day per facility not to exceed \$1.57. The add-on shall be used to increase wages, benefits, and/or staffing levels for certified nurse aides; or to increase wages and/or benefits for dietary aides, housekeepers, laundry aides, or any other category of worker whose statewide average dollars-per-hour wage was less than \$15 in calendar year 2008, according to cost report data. The add-on may also be used to address resulting wage compression for related job classes immediately affected by wage increases to low-wage workers. The department shall continue reporting requirements and a settlement process to ensure that the funds are spent according to this subsection.

(b) The department shall do a comparative analysis of the facility-based payment rates calculated on July 1, 2013, using the payment methodology defined in chapter 74.46 RCW and as funded in the omnibus appropriations act, excluding the comparative add-on, acuity add-on, and safety net reimbursement, to the facility-based payment rates in effect June 30, 2010. If the facility-based payment rate calculated on July 1, 2013, is smaller than the facility-based payment rate on June 30, 2010, then the difference shall be provided to the individual nursing facilities as an add-on payment per medicaid resident day.

(c) During the comparative analysis performed in subsection (b) of this section, if it is found that the direct care rate for any facility calculated using the payment methodology defined in chapter 74.46 RCW and as funded in the omnibus appropriations act, excluding the comparative add-on, acuity add-on, and safety net reimbursement, is greater than the direct care rate in effect on June 30, 2010, then the facility shall receive a ten percent direct care rate add-on to compensate that facility for taking on more acute clients than they have in the past.

(d) The department shall provide a medicaid rate add-on to reimburse the medicaid share of the skilled nursing facility safety net assessment as a medicaid allowable cost. The nursing facility safety net rate add-on may not be included in the calculation of the annual statewide weighted average nursing facility payment rate.

(e) The rate add-on provided in (c) of this subsection is subject to the reconciliation and settlement process provided in RCW 74.46.022(6).

(f) If the waiver requested from the federal centers for medicare and medicaid services in relation to the safety net assessment is for any reason disapproved, (b), (c), and (d) of this subsection do not apply.

(2) In accordance with chapter 74.46 RCW, the department shall issue no additional certificates of capital authorization for fiscal year 2014 and no new certificates of capital authorization for fiscal year 2015 and shall grant no rate add-ons to payment rates for capital improvements not requiring a certificate of need and a certificate of capital authorization for fiscal years 2014 and 2015.

(3) In accordance with RCW 18.51.050, 18.20.050, 70.128.060, and 43.135.055, the department is authorized to increase nursing facility, assisted living facility, and adult family home fees as necessary to fully support the actual costs of conducting the licensure, inspection, and regulatory programs. The license fees may not exceed the department's annual licensing and oversight activity costs and shall include the department's cost of paying providers for the amount of the license fee attributed to medicaid clients.

(a) The current annual renewal license fee for adult family homes shall be increased to \$225 per bed beginning in fiscal year 2014 and \$225 per bed beginning in fiscal year 2015. A processing

fee of \$2,750 shall be charged to each adult family home when the home is initially licensed. This fee is nonrefundable.

(b) The current annual renewal license fee for assisted living facilities shall be increased to \$106 per bed beginning in fiscal year 2014 and \$106 per bed beginning in fiscal year 2015.

(c) The current annual renewal license fee for nursing facilities shall be increased to \$359 per bed beginning in fiscal year 2014 and \$359 per bed beginning in fiscal year 2015.

(4) The department is authorized to place long-term care clients residing in nursing homes and paid for with state only funds into less restrictive community care settings while continuing to meet the client's care needs.

(5) \$30,640,000 of the general fund--state appropriation for fiscal year 2014, \$48,633,000 of the general fund--state appropriation for fiscal year 2015, and \$79,273,000 of the general fund--federal appropriation are provided solely for the implementation of the agreement reached between the governor and the service employees international union healthcare 775nw through an interest arbitration decision under the provisions of chapters 74.39A and 41.56 RCW for the 2013-2015 fiscal biennium.

(6) \$1,840,000 of the general fund--state appropriation for fiscal year 2014 and \$1,877,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for operation of the volunteer services program. Funding shall be prioritized towards serving populations traditionally served by long-term care services to include senior citizens and persons with disabilities.

(7) \$4,894,000 of the general fund--state appropriation for fiscal year 2015, and \$15,150,000 of the general fund--federal appropriation are provided solely for a payment system that satisfies medicaid requirements regarding time reporting for W-2 providers. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(8) The department is authorized to establish limited exemption criteria in rule to address RCW 74.39A.325 when a landline phone is not available to the employee.

(9) Within the amounts appropriated in this section, in a report to the appropriate fiscal committees of the legislature that must be submitted by December 1, 2013, the department of social and health services must describe the process for establishing medicaid rates for assisted living and adult family homes. The report must include information about licensing and physical plant standards, contracting provisions, and per capita and biennial expenditures for assisted living and adult family homes.

(10) \$10,800,000 of the general fund--state appropriation for fiscal year 2014, \$17,768,000 of the general fund--state appropriation for fiscal year 2015, and \$28,567,000 of the general fund--federal appropriation are provided solely for the homecare agency parity impacts of the service employees international union healthcare 775nw arbitration award.

(11) \$33,000 of the general fund--state appropriation for fiscal year 2014, \$17,000 of the general fund--state appropriation for fiscal year 2015, and \$50,000 of the general fund--federal appropriation are provided solely for staffing and other expenses associated with the work of the joint legislative executive committee on planning for aging and disability issues that is established by this subsection.

(a) A joint legislative executive committee on aging and disability is established, with members as provided in this subsection.

(i) Four members of the senate, with the leaders of the two largest caucuses each appointing two members. Four members of the house of representatives, with the leaders of the two largest caucuses each appointing two members;

(ii) A member from the office of the governor, appointed by the governor;

(iii) The secretary of the department of social and health services or his or her designee;

(iv) The director of the health care authority or his or her designee; and

(v) The director of the department of retirement systems or his or her designee.

(b) The committee must convene by September 1, 2013. At the first meeting, the committee will select cochairmen from among its members who are legislators. All meetings of the committee are open to the public.

(c) The purpose of the committee is to identify key strategic actions to prepare for the aging of the population in Washington, including state budget and policy options, by conducting at least, but not limited to, the following tasks:

(i) Establish a profile of Washington's current population of older people and people with disabilities and a projection of population growth through 2030;

(ii) Establish an inventory of services and supports currently available to older people and people with disabilities from the health care and long-term services and support systems and other community resources such as housing, transportation, income support, and protection for vulnerable adults;

(iii) Identify state budget and policy options to more effectively use state, federal and private resources to, over time, reduce the growth rate in state expenditures that would otherwise occur by continuing current policy in light of significant population growth;

(iv) Identify strategies to better serve the health care needs of an aging population and people with disabilities, and promote healthy living;

(v) Identify policy options to create financing mechanisms for long-term services and supports that will promote additional private responsibility for individuals and families to meet their needs for service;

(vi) Identify policies to promote financial security in retirement, support people who wish to stay in the workplace longer, and expand the availability of workplace retirement savings plans; and

(vii) Identify policy options to help communities adapt to the aging demographic in planning for housing, land use and transportation.

(d) The committee shall consult with the office of the insurance commissioner, the caseload forecast council, health care authority, and other appropriate entities with specialized knowledge of the needs and growth trends of the aging population and people with disabilities.

(e) Staff support for the committee shall be provided by the office of program research, senate committee services, the office of financial management, and the department of social and health services.

(f) Within existing appropriations, the cost of meetings must be paid jointly by the senate, house of representatives, and the office of financial management. Joint committee expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees. The joint committee members may be reimbursed for travel expenses as authorized under RCW 43.03.050 and 43.03.060, and chapter 44.04 RCW as appropriate. Advisory committee members may not receive compensation or reimbursement for travel and expenses.

(g) The committee shall issue an interim report to the legislature by December 10, 2013, and issue final recommendations to the governor and relevant standing committees of the legislature by December 10, 2014.

(12) \$240,000 of the general fund--state appropriation for fiscal year 2014, \$1,342,000 of the general fund--state appropriation for

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fiscal year 2015, and \$1,468,000 of the general fund--federal appropriation are provided solely to implement chapter 320, Laws of 2013 (ESHB 1519) and chapter 338, Laws of 2013 (2SSB 5732).

(13) The department shall review the capital add-on rate established by RCW 74.39A.320 for effectiveness in incentivizing assisted living facilities to serve Medicaid eligible clients. Upon completing its review, the department shall submit its findings along with recommendations for alternatives to the office of financial management and the fiscal committees of the legislature by December 1, 2013. The department is encouraged to engage stakeholders in developing alternatives.

(14) \$239,000 of the general fund--state appropriation for fiscal year 2014, \$160,000 of the general fund--state appropriation for fiscal year 2015, and \$398,000 of the general fund--federal appropriation are provided solely to implement chapter 300, Laws of 2013 (SSB 5630).

NEW SECTION. Sec. 207. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ECONOMIC SERVICES PROGRAM

General Fund--State Appropriation (FY 2014)	\$402,504,000
General Fund--State Appropriation (FY 2015)	\$405,019,000
General Fund--Federal Appropriation	\$1,211,774,000
General Fund--Private/Local Appropriation.....	\$30,594,000
TOTAL APPROPRIATION	\$2,049,891,000

The appropriations in this section are subject to the following conditions and limitations:

(1)(a) \$178,757,000 of the general fund--state appropriation for fiscal year 2014, \$172,999,000 of the general fund--state appropriation for fiscal year 2015, and \$732,881,000 of the general fund--federal appropriation are provided solely for all components of the WorkFirst program. Within the amounts provided for the WorkFirst program, the department may provide assistance using state-only funds for families eligible for temporary assistance for needy families. The department must create a WorkFirst budget structure that allows for transparent tracking of budget units and subunits of expenditures where these units and subunits are mutually exclusive from other department budget units. The budget structure must include budget units for the following: Cash assistance, child care, WorkFirst activities, and administration of the program. Within these budget units, the department must develop program index codes for specific activities and develop allotments and track expenditures using these codes. The department shall report to the office of financial management and the relevant fiscal and policy committees of the legislature prior to adopting the new structure. The secretary of the department of social and health services, working with WorkFirst partner agencies and in collaboration with the WorkFirst oversight task force, shall develop a plan for maximizing the following outcomes and shall report back to the legislature by November 1, 2013. The outcomes to be measured are: (i) Increased employment; (ii) completion of education or post-secondary training; (iii) completion of barrier removal activity including drug and alcohol or mental health treatment; (iv) housing stability; (v) child care or education stability for the children of temporary assistance for needy families recipients; (vi) reduced rate of return after exit from the WorkFirst program; and (vii) work participation requirements.

(b) \$406,818,000 of the amounts in (a) of this subsection are provided solely for assistance to clients, including grants, diversion cash assistance, and additional diversion emergency assistance including but not limited to assistance authorized under RCW 74.08A.210. The department may use state funds to provide support to working families that are eligible for temporary assistance for needy families but otherwise not receiving cash assistance.

(c) \$168,019,000 of the amounts in (a) of this subsection are provided solely for WorkFirst job search, education and training activities, barrier removal services, limited English proficiency services, and tribal assistance under RCW 74.08A.040. The department must allocate this funding based on client outcomes and cost effectiveness measures.

(d) \$367,676,000 of the amounts in (a) of this subsection are provided solely for the working connections child care program under RCW 43.215.135.

(e) \$142,124,000 of the amounts in (a) of this subsection are provided solely for WorkFirst and working connections child care administration and overhead.

(f) The amounts in (b) through (d) of this subsection shall be expended for the programs and in the amounts specified. However, the department may transfer up to 10 percent of funding between (b) through (d) of this subsection, but only if the funding is available or necessary to transfer solely due to utilization, caseload changes, or underperformance in terms of client outcomes. The department shall provide notification prior to any transfer to the office of financial management and to the appropriate legislative committees and the legislative-executive WorkFirst oversight task force. The approval of the director of financial management is required prior to any transfer under this subsection.

(2) \$1,657,000 of the general fund--state appropriation for fiscal year 2014 and \$1,657,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for naturalization services.

(3) \$2,366,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for employment services for refugees and immigrants, of which \$1,774,000 is provided solely for the department to pass through to statewide refugee and immigrant assistance organizations for limited English proficiency pathway services; and \$2,366,000 of the general fund--state appropriation for fiscal year 2015 is provided solely for employment services for refugees and immigrants, of which \$1,774,000 is provided solely for the department to pass through to statewide refugee and immigrant assistance organizations for limited English proficiency pathway services.

(4) On December 1, 2013, and annually thereafter, the department must report to the legislature on all sources of funding available for both refugee and immigrant services and naturalization services during the current fiscal year and the amounts expended to date by service type and funding source. The report must also include the number of clients served and outcome data for the clients.

(5) To ensure expenditures remain within available funds appropriated in this section, the legislature establishes the benefit under the state food assistance program, pursuant to RCW 74.08A.120, to be seventy-five percent of the federal supplemental nutrition assistance program benefit amount.

(6) \$18,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for implementation of section 1, chapter 337, Laws of 2013 (2SSB 5595).

(7) \$4,729,000 of the general fund--state appropriation for fiscal year 2014 and \$4,729,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of the telephone assistance program and the Washington information network 211 organization pursuant to Substitute House Bill No. 1971 (communication services). Of these funds, \$500,000 of the general fund--state appropriation for fiscal year 2014 and \$500,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for operational support of the Washington information network 211 organization. If Substitute House Bill No. 1971 (communication services) is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(8) The department shall review clients receiving services through the aged, blind, or disabled assistance program, to determine whether they would benefit from assistance in becoming naturalized citizens, and thus be eligible to receive federal supplemental security income benefits. Those cases shall be given high priority for naturalization funding through the department.

(9) The department shall continue the interagency agreement with the department of veterans' affairs to establish a process for referral of veterans who may be eligible for veterans' services. This agreement must include out-stationing department of veterans' affairs staff in selected community service office locations in King and Pierce counties to facilitate applications for veterans' services.

(10) \$500,000 of the general fund--state appropriation for fiscal year 2014 and \$1,500,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of Substitute House Bill No. 2069 (safety net benefits). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 208. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ALCOHOL AND SUBSTANCE ABUSE PROGRAM

General Fund--State Appropriation (FY 2014)	\$72,650,000
General Fund--State Appropriation (FY 2015)	\$61,855,000
General Fund--Federal Appropriation	\$277,248,000
General Fund--Private/Local Appropriation.....	\$13,554,000
Criminal Justice Treatment Account--State	

Appropriation	\$14,568,000
Problem Gambling Account--State Appropriation.....	\$1,450,000
TOTAL APPROPRIATION	\$441,325,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Within the amounts appropriated in this section, the department may contract with the University of Washington and community-based providers for the provision of the parent-child assistance program or other specialized chemical dependency case management providers for pregnant, post-partum, and parenting women. For all contractors: (a) Service and other outcome data must be provided to the department by request; (b) program modifications needed to maximize access to federal medicaid matching funds will be phased in over the course of the 2013-2015 fiscal biennium; and (c) indirect charges for administering the program shall not exceed ten percent of the total contract amount.

(2) Within the amounts appropriated in this section, the department shall continue to provide for chemical dependency treatment services for adult medicaid eligible, pregnant and parenting women, disability lifeline, and alcoholism and drug addiction treatment and support act, and medical care services clients.

(3) In accordance with RCW 70.96A.090 and 43.135.055, the department is authorized to adopt fees for the review and approval of treatment programs in fiscal years 2014 and 2015 as necessary to support the costs of the regulatory program. The department's fee schedule shall have differential rates for providers with proof of accreditation from organizations that the department has determined to have substantially equivalent standards to those of the department, including but not limited to the joint commission on accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, and the council on accreditation. To reflect the reduced costs associated with regulation of accredited programs, the department's fees for organizations with such proof of accreditation must reflect the lower cost of licensing for these programs than for other organizations which are not accredited.

(4) \$3,500,000 of the general fund--federal appropriation (from the substance abuse prevention and treatment federal block grant) is

provided solely for the continued funding of existing county drug and alcohol use prevention programs.

(5) \$2,600,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the department to transition 128 beds from settings that are considered institutions for mental diseases to facilities with no more than 16 beds that are able to claim federal match for services provided to medicaid clients or individuals covered under the department's section 1115 medicaid waiver. The department may conduct a request for proposal process to fulfill this requirement and adopt rates that are comparable to the pilot projects implemented in the 2011-13 fiscal biennium. The department may use these funds to assist with the costs of providers in setting up or converting to 16-bed facilities. This funding may also be used for providers that are developing new capacity for clients who will become eligible for services under the affordable care act medicaid expansion. The number of beds available for pregnant and parenting women must not be reduced.

(6) \$283,000 of the criminal justice treatment account appropriation is provided solely for transitional funding for the family drug court in Pierce county.

(7) Within the amounts appropriated in this section, the department shall contract with the Washington state institute for public policy for a long-term efficacy study of the chemical dependency treatment programs funded by the division of alcohol and substance abuse. The study shall focus on how many program participants successfully complete dependency programs and how long they abstain from use of drugs and alcohol.

NEW SECTION. Sec. 209. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--VOCATIONAL REHABILITATION PROGRAM

General Fund--State Appropriation (FY 2014)	\$16,478,000
General Fund--State Appropriation (FY 2015).....	\$16,459,000
General Fund--Federal Appropriation	\$99,413,000
TOTAL APPROPRIATION	\$132,350,000

The appropriations in this section are subject to the following conditions and limitations: \$5,006,000 of the general fund--state appropriation for fiscal year 2014 and \$5,094,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for services and support to individuals who are deaf, hard of hearing, or deaf-blind.

NEW SECTION. Sec. 210. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--SPECIAL COMMITMENT PROGRAM

General Fund--State Appropriation (FY 2014)	\$36,420,000
General Fund--State Appropriation (FY 2015)	\$35,813,000
TOTAL APPROPRIATION	\$72,233,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The department of social and health services shall transfer the stewardship of McNeil Island to the department of corrections industries program, effective September 1, 2013. The transferred responsibilities shall include marine operations, waste water treatment, water treatment, road maintenance, and any other general island maintenance that is not site specific to the operations of the special commitment center or the Pierce county secure community transition facility. Facility maintenance within the perimeter of the special commitment center shall remain the responsibility of the department of social and health services. Capital repairs and maintenance necessary to maintain the special commitment center on McNeil Island shall be managed by the department of social and health services. The legislature directs both departments to enter into an interagency agreement by August 1, 2013. The office of financial management shall oversee the negotiations of the interagency agreement. The interagency agreement must describe equipment that will transfer between the departments, warehouse space that will be shared by the departments, and occupancy

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requirements for any shops outside the perimeter of the special commitment center. The office of financial management will make the final determination on any disagreements between the departments on the details of the interagency agreement.

(2) \$3,120,000 of the general fund--state appropriation for fiscal year 2014 and \$3,120,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for operational costs specific to island operations of the special commitment center and the Pierce county secure community transition facility. The department shall establish an accounting structure that enables it to track and report on costs specific to island operations.

(3) All employees of the department of social and health services engaged in performing the powers, functions, and duties transferred to the department of corrections industries program under this subsection, are transferred to the department of corrections.

(4) All classified employees of the department of social and health services assigned to the department of corrections under this subsection whose positions are within an existing bargaining unit description at the department of corrections shall become a part of the existing bargaining unit at the department of corrections and shall be considered an appropriate inclusion or modification of the existing bargaining unit under the provisions of chapter 41.80 RCW.

NEW SECTION. Sec. 211. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ADMINISTRATION AND SUPPORTING SERVICES PROGRAM

General Fund--State Appropriation (FY 2014)	\$30,127,000
General Fund--State Appropriation (FY 2015)	\$29,333,000
General Fund--Federal Appropriation	\$37,150,000
General Fund--Private/Local Appropriation.....	\$654,000
TOTAL APPROPRIATION	\$97,264,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$395,000 of the general fund--state appropriation for fiscal year 2014, \$228,000 of the general fund--state appropriation for fiscal year 2015, and \$335,000 of the general fund--federal appropriation are provided solely to implement chapter 320, Laws of 2013 (ESHB 1519) and chapter 338, Laws of 2013 (2SSB 5732).

(2) \$300,000 of the general fund--state appropriation for fiscal year 2014 and \$300,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington state mentors program to continue its public-private partnerships to provide technical assistance and training to mentoring programs that serve at-risk youth.

(3) \$82,000 of the general fund--state appropriation for fiscal year 2014, \$44,000 of the general fund--state appropriation for fiscal year 2015, and \$28,000 of the general fund--federal appropriation are provided solely to develop a report on state efforts to prevent and control diabetes. The department, the health care authority, and the department of health shall submit a coordinated report to the governor and the appropriate committees of the legislature by December 31, 2014, on the following:

- (a) The financial impacts and reach that diabetes of all types and undiagnosed gestational diabetes are having on the programs administered by each agency and individuals, including children with mothers with undiagnosed gestational diabetes, enrolled in those programs. Items in this assessment must include: (i) The number of lives with diabetes and undiagnosed gestational diabetes impacted or covered by the programs administered by each agency; (ii) the number of lives with diabetes, or at risk for diabetes, and family members impacted by prevention and diabetes control programs implemented by each agency; (iii) the financial toll or impact diabetes and its complications, and undiagnosed gestational

diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs in comparison to other chronic diseases and conditions; and (iv) the financial toll or impact diabetes and its complications, and diagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs;

(b) An assessment of the benefits of implemented and existing programs and activities aimed at controlling all types of diabetes and preventing the disease. This assessment must also document the amount and source for any funding directed to each agency for the programs and activities aimed at reaching those with diabetes of all types;

(c) A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing all types of diabetes and its complications;

(d) The development or revision of detailed policy-related action plans and budget recommendations for battling diabetes and undiagnosed gestational diabetes that includes a range of actionable items for consideration by the legislature. The plans and budget recommendations must identify proposed action steps to reduce the impact of diabetes, prediabetes, related diabetes complications, and undiagnosed gestational diabetes. The plans and budget recommendations must also identify expected outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing all types of diabetes; and

(e) An estimate of savings, efficiencies, costs, and budgetary savings and resources required to implement the plans and budget recommendations identified in (d) of this subsection (5).

NEW SECTION. Sec. 212. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--PAYMENTS TO OTHER AGENCIES PROGRAM

General Fund--State Appropriation (FY 2014)	\$60,470,000
General Fund--State Appropriation (FY 2015)	\$60,511,000
General Fund--Federal Appropriation	\$55,264,000
TOTAL APPROPRIATION	\$176,245,000

NEW SECTION. Sec. 213. FOR THE STATE HEALTH CARE AUTHORITY

General Fund--State Appropriation (FY 2014)	\$2,131,026,000
General Fund--State Appropriation (FY 2015)	\$2,114,731,000
General Fund--Federal Appropriation	\$7,245,749,000
General Fund--Private/Local Appropriation.....	\$57,780,000
Emergency Medical Services and Trauma Care Systems	
Trust Account--State Appropriation.....	\$15,082,000
Hospital Safety Net Assessment Fund--State	
Appropriation	\$669,381,000
Health Benefit Exchange Account--State Appropriation	\$17,277,000
State Health Care Authority Administration Account--	
State Appropriation	\$34,809,000
Medical Aid Account--State Appropriation	\$528,000
Medicaid Fraud Penalty Account--State Appropriation	\$21,206,000
TOTAL APPROPRIATION	\$12,307,569,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,143,994,000 of the general fund--federal appropriation is provided solely to implement the medicaid expansion as defined in the social security act, section 1902(a)(10)(A)(i)(VIII), subject to the conditions and limitations in this subsection. If the federal medical assistance percentage for the medicaid expansion falls below the percentages in section 1905(y) of the social security act as of July 1, 2013, the authority shall ensure that the state does not incur any additional state costs above what would have been incurred had the federal medical assistance percentages remained at

the percentages in section 1905(y) as of July 1, 2013. The director is authorized to make any necessary program adjustments to comply with this requirement, including adding or adjusting premiums, modifying benefits, or reducing optional programs. To the extent a waiver is needed to accomplish this, the director shall promptly apply for such waiver. If a necessary waiver is not approved, the medicaid expansion program shall be terminated upon appropriate notification to the legislature and enrollees.

(2) The requirements of this subsection apply to the basic health plan. This subsection is null and void and has no further effect upon implementation of the medicaid expansion under subsection (1) of this section.

(a) Within amounts appropriated in this section and sections 205 and 206 of this act, the health care authority shall continue to provide an enhanced basic health plan subsidy for foster parents licensed under chapter 74.15 RCW and workers in state-funded home care programs. Under this enhanced subsidy option, foster parents eligible to participate in the basic health plan as subsidized enrollees and home care workers with family incomes below 200 percent of the federal poverty level shall be allowed to enroll in the basic health plan at the minimum premium amount charged to enrollees with incomes below sixty-five percent of the federal poverty level.

(b) The health care authority shall require organizations and individuals that are paid to deliver basic health plan services and that choose to sponsor enrollment in the subsidized basic health plan to pay 133 percent of the premium amount which would otherwise be due from the sponsored enrollees.

(c) The administrator shall take at least the following actions to assure that persons participating in the basic health plan are eligible for the level of assistance they receive: (a) Require submission of (i) income tax returns, and recent pay history, from all applicants, or (ii) other verifiable evidence of earned and unearned income from those persons not required to file income tax returns; (b) check employment security payroll records at least once every twelve months on all enrollees; (c) require enrollees whose income as indicated by payroll records exceeds that upon which their subsidy is based to document their current income as a condition of continued eligibility; (d) require enrollees for whom employment security payroll records cannot be obtained to document their current income at least once every six months; (e) not reduce gross family income for self-employed persons by noncash-flow expenses such as, but not limited to, depreciation, amortization, and home office deductions, as defined by the United States internal revenue service; and (f) pursue repayment and civil penalties from persons who have received excessive subsidies, as provided in RCW 70.47.060(9).

(d) Enrollment in the subsidized basic health plan shall be limited to only include persons who qualify as subsidized enrollees as defined in RCW 70.47.020 and who (a) qualify for services under 1115 medicaid demonstration project number 11-W-00254/10; or (b) are foster parents licensed under chapter 74.15 RCW.

(3) The legislature finds that medicaid payment rates, as calculated by the health care authority pursuant to the appropriations in this act, bear a reasonable relationship to the costs incurred by efficiently and economically operated facilities for providing quality services and will be sufficient to enlist enough providers so that care and services are available to the extent that such care and services are available to the general population in the geographic area. The legislature finds that the cost reports, payment data from the federal government, historical utilization, economic data, and clinical input constitute reliable data upon which to determine the payment rates.

(4) Based on quarterly expenditure reports and caseload forecasts, if the health care authority estimates that expenditures for the medical assistance program will exceed the appropriations, the health care authority shall take steps including but not limited to

reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

(5) In determining financial eligibility for medicaid-funded services, the health care authority is authorized to disregard recoveries by Holocaust survivors of insurance proceeds or other assets, as defined in RCW 48.104.030.

(6) The legislature affirms that it is in the state's interest for Harborview medical center to remain an economically viable component of the state's health care system.

(7) When a person is ineligible for medicaid solely by reason of residence in an institution for mental diseases, the health care authority shall provide the person with the same benefits as he or she would receive if eligible for medicaid, using state-only funds to the extent necessary.

(8) \$4,261,000 of the general fund--state appropriation for fiscal year 2014, \$4,261,000 of the general fund--state appropriation for fiscal year 2015, and \$8,522,000 of the general fund--federal appropriation are provided solely for low-income disproportionate share hospital payments.

(9) \$400,000 of the general fund--state appropriation for fiscal year 2014, \$400,000 of the general fund--state appropriation for fiscal year 2015, and \$800,000 of the general fund--federal appropriation are provided solely for disproportionate share hospital payments to rural hospitals certified by the centers for medicare and medicaid services as sole community hospitals as of January 1, 2013, with less than one hundred fifty acute care licensed beds in fiscal year 2011 that do not participate in the certified public expenditures program.

(10) \$100,000 of the general fund--state appropriation for fiscal year 2014 and \$100,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for grants to rural hospitals in Clallam county that were certified by the centers for medicare and medicaid services as sole community hospitals as of January 1, 2013, with less than one hundred fifty acute care licensed beds in fiscal year 2011.

(11) Within the amounts appropriated in this section, the health care authority shall provide disproportionate share hospital payments to hospitals that provide services to children in the children's health program who are not eligible for services under Title XIX or XXI of the federal social security act due to their citizenship status.

(12) \$6,000,000 of the general fund--federal appropriation is provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments. The supplemental payments are subject to retrospective interim and final cost settlements based on the nursing homes' as-filed and final medicare cost reports. The timing of the interim and final cost settlements shall be at the health care authority's discretion. During either the interim cost settlement or the final cost settlement, the health care authority shall recoup from the public hospital districts the supplemental payments that exceed the medicaid cost limit and/or the medicare upper payment limit. The health care authority shall apply federal rules for identifying the eligible incurred medicaid costs and the medicare upper payment limit.

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(13) The health care authority shall continue the inpatient hospital certified public expenditures program for the 2013-2015 fiscal biennium. The program shall apply to all public hospitals, including those owned or operated by the state, except those classified as critical access hospitals or state psychiatric institutions. The health care authority shall submit reports to the governor and legislature by November 1, 2013, and by November 1, 2014, that evaluate whether savings continue to exceed costs for this program. If the certified public expenditures (CPE) program in its current form is no longer cost-effective to maintain, the health care authority shall submit a report to the governor and legislature detailing cost-effective alternative uses of local, state, and federal resources as a replacement for this program. During fiscal year 2014 and fiscal year 2015, hospitals in the program shall be paid and shall retain one hundred percent of the federal portion of the allowable hospital cost for each medicaid inpatient fee-for-service claim payable by medical assistance and one hundred percent of the federal portion of the maximum disproportionate share hospital payment allowable under federal regulations. Inpatient medicaid payments shall be established using an allowable methodology that approximates the cost of claims submitted by the hospitals. Payments made to each hospital in the program in each fiscal year of the biennium shall be compared to a baseline amount. The baseline amount will be determined by the total of (a) the inpatient claim payment amounts that would have been paid during the fiscal year had the hospital not been in the CPE program based on the reimbursement rates developed, implemented, and consistent with policies approved in the 2013-2015 biennial operating appropriations act and in effect on July 1, 2013, (b) one-half of the indigent assistance disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005, and (c) all of the other disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005 to the extent the same disproportionate share hospital programs exist in the 2013-2015 fiscal biennium. If payments during the fiscal year exceed the hospital's baseline amount, no additional payments will be made to the hospital except the federal portion of allowable disproportionate share hospital payments for which the hospital can certify allowable match. If payments during the fiscal year are less than the baseline amount, the hospital will be paid a state grant equal to the difference between payments during the fiscal year and the applicable baseline amount. Payment of the state grant shall be made in the applicable fiscal year and distributed in monthly payments. The grants will be recalculated and redistributed as the baseline is updated during the fiscal year. The grant payments are subject to an interim settlement within eleven months after the end of the fiscal year. A final settlement shall be performed. To the extent that either settlement determines that a hospital has received funds in excess of what it would have received as described in this subsection, the hospital must repay the excess amounts to the state when requested. \$3,860,000 of the general fund--state appropriation for fiscal year 2014 and \$1,137,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for state grants for the participating hospitals.

(14) The health care authority shall seek public-private partnerships and federal funds that are or may become available to provide on-going support for outreach and education efforts under the federal children's health insurance program reauthorization act of 2009.

(15) The health care authority shall target funding for maternity support services towards pregnant women with factors that lead to higher rates of poor birth outcomes, including hypertension, a preterm or low birth weight birth in the most recent previous birth, a cognitive deficit or developmental disability, substance abuse, severe mental illness, unhealthy weight or failure to gain weight,

tobacco use, or African American or Native American race. The health care authority shall prioritize evidence-based practices for delivery of maternity support services. To the extent practicable, the health care authority shall develop a mechanism to increase federal funding for maternity support services by leveraging local public funding for those services.

(16) \$170,000 of the general fund--state appropriation for fiscal year 2014, \$121,000 of the general fund--state appropriation for fiscal year 2015, and \$292,000 of the general fund--federal appropriation are provided solely to implement Engrossed Substitute House Bill No. 1519 (service coordination organizations) and Second Substitute Senate Bill No. 5732 (behavioral health services). If neither of the bills is enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(17) \$57,000 of the general fund--state appropriation for fiscal year 2014, \$40,000 of the general fund--state appropriation for fiscal year 2015, and \$55,000 of the general fund--federal appropriation are provided solely to develop a report on state efforts to prevent and control diabetes. The authority, the department of social and health services, and the department of health shall submit a coordinated report to the governor and the appropriate committees of the legislature by December 31, 2014, on the following:

(a) The financial impacts and reach that diabetes of all types and undiagnosed gestational diabetes are having on the programs administered by each agency and individuals, including children with mothers with undiagnosed gestational diabetes, enrolled in those programs. Items in this assessment must include: (i) The number of lives with diabetes and undiagnosed gestational diabetes impacted or covered by the programs administered by each agency; (ii) the number of lives with diabetes, or at risk for diabetes, and family members impacted by prevention and diabetes control programs implemented by each agency; (iii) the financial toll or impact diabetes and its complications, and undiagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs in comparison to other chronic diseases and conditions; and (iv) the financial toll or impact diabetes and its complications, and diagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs;

(b) An assessment of the benefits of implemented and existing programs and activities aimed at controlling all types of diabetes and preventing the disease. This assessment must also document the amount and source for any funding directed to each agency for the programs and activities aimed at reaching those with diabetes of all types;

(c) A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing all types of diabetes and its complications;

(d) The development or revision of detailed policy-related action plans and budget recommendations for battling diabetes and undiagnosed gestational diabetes that includes a range of actionable items for consideration by the legislature. The plans and budget recommendations must identify proposed action steps to reduce the impact of diabetes, prediabetes, related diabetes complications, and undiagnosed gestational diabetes. The plans and budget recommendations must also identify expected outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing all types of diabetes; and

(e) An estimate of savings, efficiencies, costs, and budgetary savings and resources required to implement the plans and budget recommendations identified in (d) of this subsection (17).

(18) Within the amounts appropriated in this section, the authority shall identify strategies to improve patient adherence to treatment plans for diabetes and implement these strategies as a pilot through one health home program to be identified by the authority. The authority shall report to the governor and the legislature in December 2014 on the progress of strategy implementation. The authority shall report to the governor and legislature in December 2015 on patient outcomes and cost savings derived from new adherence strategies in the health home model and make recommendations for improving the strategies.

(19) Effective January 1, 2014, managed care contracts must incorporate accountability measures that monitor patient health and improved health outcomes, and shall include an expectation that each patient receive a wellness examination that documents the baseline health status and allows for monitoring of health improvements and outcome measures.

(20) \$25,000 of the general fund--state appropriation for fiscal year 2014 and \$25,000 of the general fund--federal appropriation are provided solely for the development of recommendations for funding integrated school nursing and outreach services. The authority shall collaborate with the office of the superintendent of public instruction to develop recommendations for increasing federal financial participation for providing nursing services in schools with the goals of integrating nursing and outreach services and supporting one nurse for every four hundred fifty students in elementary schools and one nurse for every seven hundred fifty students in secondary schools. In developing these recommendations, the authority shall inquire with the federal centers for medicare and medicaid services about state plan amendment or waiver options for receiving additional federal matching funds for school nursing services provided to children enrolled in apple health for kids. The recommendations shall include proposals for funding training and reimbursement for nurses that provide outreach services to help eligible students enroll in apple health for kids and other social services programs. The authority and the office of the superintendent of public instruction shall provide these recommendations to the governor and the legislature by December 1, 2013.

(21) \$430,000 of the general fund--state appropriation for fiscal year 2014 and \$500,000 of the general fund--federal appropriation are provided solely to complete grant requirements for the health information exchange.

(22) \$143,000 of the medicaid fraud penalty account--state appropriation and \$423,000 of the general fund--federal appropriation are provided solely for the rebasing of outpatient and inpatient payment methods.

(23) \$1,163,000 of the medicaid fraud penalty account--state appropriation and \$9,710,000 of the general fund--federal appropriation are provided solely to implement the conversion to the tenth version of the world health organization's international classification of diseases.

(24) \$111,000 of the general fund--state appropriation for fiscal year 2014, \$35,000 of the general fund--state appropriation for fiscal year 2015, and \$359,000 of the general fund--federal appropriation are provided solely to update the medicaid information technology architecture state self-assessment and to develop the five year road map for the medicaid information technology architecture architect.

(25) \$62,000 of the general fund--state appropriation for fiscal year 2014, \$62,000 of the general fund--state appropriation for fiscal year 2015, and \$126,000 of the general fund--federal appropriation are provided solely to support the Robert Bree collaborative's efforts to disseminate evidence-based best practices for preventing and treating health problems.

(26) Within the amounts appropriated in this section, the authority shall increase reimbursement rates for primary care

services provided by independent nurse practitioners to medicare levels for the period from July 1, 2013, to December 31, 2014.

(27) The authority shall seek a medicaid state plan amendment to create a professional services supplemental payment managed care program for professional services delivered to managed care recipients by University of Washington medicine and other public professional providers. This program shall be effective as soon as administratively possible and shall operate concurrently with the existing professional services supplemental payment program. The authority shall apply federal rules for identifying the difference between average commercial rates and fee-for-service medicaid payments. This difference will be multiplied by the number of managed care encounters and incorporated into the managed care plan capitation rates by a certified actuary. The managed care plans will pay the providers the difference attributable to the increased capitation rate. Participating providers shall be solely responsible for providing the local funds required to obtain federal matching funds. Any incremental costs incurred by the authority in the development, implementation, and maintenance of this program shall be the responsibility of the participating providers. Participating providers shall retain the full amount of supplemental payments provided under this program, net of any costs related to the program that are disallowed due to audits or litigation against the state.

(28) Sufficient amounts are appropriated in this section for the authority to provide an adult dental benefit beginning January 1, 2014.

(29) To the extent allowed under federal law, the authority shall require an adult client to enroll in full medicaid coverage instead of family planning-only coverage unless the client is at risk of domestic violence.

(30) The authority shall facilitate enrollment under the medicaid expansion for clients applying for or receiving state funded services from the authority and its contractors. Prior to open enrollment, the authority shall coordinate with the department of social and health services to provide referrals to the Washington health benefit exchange for clients that will be ineligible for the medicaid expansion but are enrolled in coverage that will be eliminated in the transition to the medicaid expansion.

(31) \$90,000 of the general fund--state appropriation for fiscal year 2014, \$90,000 of the general fund--state appropriation for fiscal year 2015, and \$180,000 of the general fund--federal appropriation are provided solely to continue operation by a nonprofit organization of a toll-free hotline that assists families to learn about and enroll in the apple health for kids program.

(32) Within the amounts appropriated in this section, the authority shall reduce premiums for children with family incomes above 200 percent of the federal poverty level in the state-funded children's health program who are not eligible for coverage under the federal children's health insurance program. Premiums in the state and federal children's health insurance program shall be equal.

(33) The appropriations in this section reflect savings and efficiencies by transferring children receiving medical care provided through fee-for-service to medical care provided through managed care.

(34) \$150,000 of the general fund--state appropriation for fiscal year 2014, \$436,000 of the general fund--state appropriation for fiscal year 2015, and \$170,561,000 of the general fund--federal appropriation are provided solely for the provider incentive program and other initiatives related to the health information technology medicaid plan.

(35) The authority shall purchase a brand name drug when it determines that the cost of the brand name drug after rebates is less than the cost of generic alternatives and that purchase of the brand rather than generic version can save at least \$250,000. The authority may purchase generic alternatives when changes in

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market prices make the price of the brand name drug after rebates more expensive than the generic alternatives.

(36) The authority shall not subject antiretroviral drugs used to treat HIV/AIDS, anticancer medications used to kill or slow the growth of cancerous cells, antihemophilic drugs, or transplant drugs to any medicaid preferred drug list or formulary for the fee-for-service population.

(37) \$1,531,000 of the general fund--state appropriation for fiscal year 2014, \$280,000 of the general fund--state appropriation for fiscal year 2015, and \$10,803,000 of the general fund--federal appropriation are provided solely to implement phase two of the project to create a single provider payment system that consolidates medicaid medical and social services payments and replaces the social service payment system. The amounts provided in this subsection are conditioned on the authority satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(38) Within the amounts appropriated in this section, the health care authority and the department of social and health services shall implement the state option to provide health homes for enrollees with chronic conditions under section 2703 of the federal affordable care act. The total state match for enrollees who are dually-eligible for both medicare and medicaid and not enrolled in managed care shall be no more than the net savings to the state from the enhanced match rate for its medicaid-only managed care enrollees under section 2703.

(39) The health care authority shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The health care authority may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the health care authority receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(40) Within the amounts appropriated in this section, the authority shall reimburse for primary care services provided by naturopathic physicians.

(41) Within amounts appropriated, the health care authority shall conduct a review of its management and staffing structure to identify efficiencies and opportunities to reduce full time equivalent employees and other administrative costs. A report summarizing the review and the authority's recommendations to reduce costs and full time equivalent employees must be submitted to the governor and legislature by November 1, 2013.

(42) \$17,279,000 of the health benefit exchange account--state appropriation and \$2,721,000 of the general fund--federal appropriation are provided solely to support the operations of the Washington health benefit exchange from January 1, 2015, to June 30, 2015. The Washington state health insurance pool administrator shall transfer \$20,838,000 of pool contributions to the treasurer for deposit into the health benefit exchange account in calendar year 2014.

(43) Within the amounts appropriated in this section, the authority shall continue to provide coverage after December 31, 2013, for pregnant teens that qualify under existing pregnancy medical programs, but whose eligibility for pregnancy related

services would otherwise end due to the application of the new modified adjusted gross income eligibility standard.

(44) Upon implementation of the medicaid expansion under subsection (1) of this section, the breast and cervical cancer treatment program is eliminated. To maintain continuity of coverage, the authority shall offer the option to stay in a fee-for-service program to clients that are already enrolled in the breast and cervical cancer treatment program and will be transitioned into the new adult group upon implementation of the medicaid expansion. The authority will continue to provide coverage to clients that are already enrolled in the breast and cervical cancer treatment program at the time of program elimination until their courses of treatment are completed.

(45) \$40,000 of the general fund--state appropriation for fiscal year 2014 and \$40,000 of the general fund--federal appropriation are provided solely for the authority to create a new position to provide adequate oversight and assistance to managed care organizations, rural health clinics, and federally qualified health centers under a new administratively streamlined payment methodology. Effective July 1, 2013, or upon obtaining any necessary federal approval, but in no case during the first quarter of a calendar year, the authority shall implement an administratively streamlined payment methodology for federally qualified health centers and rural health clinics. The authority's payments to managed care organizations shall include the full encounter payment comprised of both the standard and enhancement payments for federally qualified health centers and rural health clinics as defined in the medicaid state plan and in accordance with section 1902(bb) of the social security act (42 U.S.C. 1396a(bb)). At no time will a managed care organization be at risk for or have any claim to the supplemental payment portion of the rate which will be reconciled to ensure accurate payment and full pass through of the obligated funds. For any services eligible for encounter payments, as defined in the medicaid state plan, managed care organizations shall be required to pay at least the full published encounter rates directly to each clinic or center, and payments will be reconciled on at least an annual basis between the managed care organization and the authority, with final review and approval by the authority. At the option of any clinic, the enhancement payment can be received from the managed care organization on a per member per month basis for all assigned managed care enrollees in an amount prescribed by the authority. Nothing in this section is intended to disrupt mutually agreeable contractual arrangements between managed care organizations and clinics that impact how the standard payment for services is paid. The authority will require participating managed care organizations to reimburse federally qualified health centers and rural health clinics for clean claims in strict adherence to the timeliness of payment standards established under contract and specified for the medicaid fee-for-service program in section 1902(a)(37) of the social security act (42 U.S.C. 1396a(a)(37)), 42 C.F.R. Sec. 447.46, and specified for health carriers in WAC 284-43-321. The authority shall exercise all necessary options under its existing sanctions policy to enforce timely payment of claims. The authority shall ensure necessary staff and resources are identified to actively monitor and enforce the timeliness and accuracy of payments to federally qualified health centers and rural health clinics. By January 1, 2014, and after collaboration with federally qualified health centers, rural health clinics, managed care plans, and the centers for medicare and medicaid services, the authority will produce a report that provides options for a new payment methodology that rewards innovation and outcomes over volume of services delivered, and which maintains the integrity of the rural health clinic and federally qualified health center programs as outlined under federal law. The

report will detail necessary federal authority for implementation and provide the benefits and drawbacks of each option.

(46) \$3,605,000 of the general fund--state appropriation for fiscal year 2014 is provided solely to proportionally reduce the amounts that rural health clinics owe the state under the calendar year 2009 recoupment.

(47) Sufficient amounts are appropriated in this section to remove the mental health visit limit and to provide the shingles vaccine and screening, brief intervention, and referral to treatment benefits that are available in the medicaid alternative benefit plan in the current medicaid benefit plan beginning January 1, 2014. The authority shall monitor the costs of the habilitative benefit as part of the forecasting process but shall not provide this benefit in the current medicaid benefit plan without a direct appropriation in the omnibus appropriations act.

(48) The appropriations in this section reflect savings and efficiencies achieved by modifying dispensing methods of contraceptive drugs. The authority must make arrangements for all medicaid programs offered through managed care plans or fee-for-service programs to require dispensing of contraceptive drugs with a one-year supply provided at one time unless a patient requests a smaller supply or the prescribing physician instructs that the patient must receive a smaller supply. Contracts with managed care plans must allow on-site dispensing of the prescribed contraceptive drugs at family planning clinics. Dispensing practices must follow clinical guidelines for appropriate prescribing and dispensing to ensure the health of the patient while maximizing access to effective contraceptive drugs.

(49)(a) \$75,000 of the general fund--state appropriation for fiscal year 2014 and \$75,000 of the general fund--federal appropriation are provided solely for preparing options with an expert consultant for possible implementation of a targeted premium assistance program and possible implementation of the federal basic health option. \$75,000 of the amounts appropriated in this subsection is provided solely for the development of options related to the targeted premium assistance program. The authority shall develop options for a waiver request to the federal centers for medicare and medicaid services to implement a targeted premium assistance program for the expansion adults, identified in section 1902(a)(10)(A)(i)(VIII) of the social security act, with incomes above one hundred percent of the federal poverty level, and for children covered in the children's health insurance program with incomes above two hundred percent of the federal poverty level, with a goal of providing seamless coverage through the health benefit exchange and improving opportunities for families to be covered in the same health plans. The options must include the possibility of applying premiums for individuals and cost-sharing that may exceed the five percent of family income cap under federal law, and the options must include recommendations to make the targeted premium assistance program cost neutral. The authority shall submit a report on the options to the legislature and the governor by January 1, 2014. The authority is encouraged to be creative, use subject matter experts, and exhaust all possible options to achieve cost neutrality. The report shall also include a detailed plan and timeline. \$75,000 of the amounts appropriated in this subsection is provided solely for the development of options related to the federal basic health option. The authority shall prepare options for implementing the federal basic health option as federal guidance becomes available. The authority shall submit a report on the options to the legislature and the governor by January 1, 2014, or ninety days following the release of federal guidance. The report must include a comparison of the premiums and cost-sharing under the federal basic health option with the premium assistance options described in this subsection, options for implementing the federal basic health option in combination with a premium assistance program, a detailed fiscal analysis for each coverage approach,

including the estimated costs for system design and implementation, and information about impacted populations.

(b) Where possible, the authority shall leverage the same expert consultants to review each proposal and compare and contrast the approaches to ensure seamless coordination with the health benefit exchange.

(c) The authority shall collaborate with the joint select committee on health care oversight in the development of these options.

NEW SECTION. Sec. 214. FOR THE HUMAN RIGHTS COMMISSION

General Fund--State Appropriation (FY 2014)	\$2,077,000
General Fund--State Appropriation (FY 2015)	\$1,996,000
General Fund--Federal Appropriation	\$2,185,000
TOTAL APPROPRIATION	\$6,258,000

The appropriations in this section are subject to the following conditions and limitations: \$218,000 of the general fund--federal appropriation is provided for additional financial resources from the U.S. department of housing and urban development for the investigation of discrimination cases involving service animals.

NEW SECTION. Sec. 215. FOR THE BOARD OF INDUSTRIAL INSURANCE APPEALS

Worker and Community Right-to-Know Account--State	
Appropriation	\$10,000
Accident Account--State Appropriation	\$19,763,000
Medical Aid Account--State Appropriation	\$19,763,000
TOTAL APPROPRIATION	\$39,536,000

NEW SECTION. Sec. 216. FOR THE CRIMINAL JUSTICE TRAINING COMMISSION

General Fund--State Appropriation (FY 2014)	\$14,257,000
General Fund--State Appropriation (FY 2015)	\$14,159,000
General Fund--Private/Local Appropriation.....	\$3,059,000
Death Investigations Account--State Appropriation.....	\$148,000
Municipal Criminal Justice Assistance Account--	
State Appropriation	\$460,000
Washington Auto Theft Prevention Authority Account--	
State Appropriation	\$8,597,000
TOTAL APPROPRIATION	\$40,680,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$5,000,000 of the general fund--state appropriation for fiscal year 2014 and \$5,000,000 of the general fund--state appropriation for fiscal year 2015, are provided to the Washington association of sheriffs and police chiefs solely to verify the address and residency of registered sex offenders and kidnapping offenders under RCW 9A.44.130.

(2) \$340,000 of the general fund--local appropriation is provided solely to purchase ammunition for the basic law enforcement academy. Jurisdictions shall reimburse to the criminal justice training commission the costs of ammunition, based on the average cost of ammunition per cadet, for cadets that they enroll in the basic law enforcement academy.

(3) The criminal justice training commission may not run a basic law enforcement academy class of fewer than 30 students.

(4) \$100,000 of the general fund--state appropriation for fiscal year 2014 and \$100,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a school safety program. The commission, in collaboration with the school safety center advisory committee, shall provide the school safety training for all school administrators and school safety personnel hired after the effective date of this section.

(5) \$96,000 of the general fund--state appropriation for fiscal year 2014 and \$96,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the school safety center within the commission. The safety center shall act as an information dissemination and resource center when an incident

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occurs in a school district in Washington or in another state, coordinate activities relating to school safety, and review and approve manuals and curricula used for school safety models and training. Through an interagency agreement, the commission shall provide funding for the office of the superintendent of public instruction to continue to develop and maintain a school safety information web site. The school safety center advisory committee shall develop and revise the training program, using the best practices in school safety, for all school safety personnel. The commission shall provide research-related programs in school safety and security issues beneficial to both law enforcement and schools.

(6) \$123,000 of the general fund--state appropriation for fiscal year 2014 and \$123,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the costs of providing statewide advanced driving training with the use of a driving simulator.

(7) \$165,000 of the general fund--state appropriation for fiscal year 2014 and \$165,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for crisis intervention training for peace officers. The commission shall incorporate eight hours of crisis intervention curriculum into its basic law enforcement academy and shall offer an eight-hour in-service crisis intervention training course.

NEW SECTION. Sec. 217. FOR THE DEPARTMENT OF LABOR AND INDUSTRIES

General Fund--State Appropriation (FY 2014)	\$17,158,000
General Fund--State Appropriation (FY 2015)	\$17,733,000
General Fund--Federal Appropriation	\$11,876,000
Asbestos Account--State Appropriation	\$366,000
Electrical License Account--State Appropriation	\$37,124,000
Farm Labor Contractor Account--State Appropriation	\$28,000
Worker and Community Right-to-Know Account-- State Appropriation	\$903,000
Public Works Administration Account--State Appropriation	\$6,252,000
Manufactured Home Installation Training Account-- State Appropriation	\$353,000
Accident Account--State Appropriation	\$258,440,000
Accident Account--Federal Appropriation	\$13,626,000
Medical Aid Account--State Appropriation	\$278,697,000
Medical Aid Account--Federal Appropriation	\$3,186,000
Plumbing Certificate Account--State Appropriation	\$1,732,000
Pressure Systems Safety Account--State Appropriation	\$4,193,000
TOTAL APPROPRIATION	\$651,667,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Pursuant to RCW 43.135.055, the department is authorized to increase elevator fees by up to 13.1 percent during the 2013-2015 fiscal biennium. This increase is necessary to support expenditures authorized in this section, consistent with chapter 70.87 RCW.

(2) \$1,336,000 of the medical aid account--state appropriation is provided solely for implementation of Substitute Senate Bill No. 5362 (workers' compensation/vocational rehabilitation). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(3) \$279,000 of the public works administration account--state appropriation, \$4,000 of the medical aid account--state appropriation, and \$4,000 of the accident account--state appropriation are provided solely for implementation of Substitute House Bill No. 1420 (transportation improvement projects). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(4) \$104,000 of the general fund--state appropriation for fiscal year 2014 and \$104,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to implement Substitute Senate Bill No. 5123 (farm internships). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(5) The department of labor and industries must establish and perform, within existing funds, a formal review process of its existing rules. The goal of the review is to decrease the numbers of, simplify the process, and decrease the time required for obtaining licenses, permits, and inspections, as applicable, in order to reduce the regulatory burden on businesses without compromising public health and safety. Benchmarks must be adopted to assess the effectiveness of streamlining efforts. The department must establish a process for effectively applying sunset provisions to rules when applicable. The department must report to the applicable committees of the legislature with its review process and benchmarks by January 2014.

(6) \$210,000 of the medical aid account--state appropriation and \$630,000 of the accident account--state appropriation are provided solely for the contract costs and one staff position at the department for the purpose of implementing the logging safety initiative in an effort to reduce the frequency and severity of injuries in manual, or nonmechanized, logging. The department shall reduce \$840,000 of workers compensation funding used for the safety and health investment project to maintain cost neutrality. Additional costs for the implementation of the logging safety initiative shall be accomplished by the department within existing resources to include the assignment of two full-time auditors specifically for this purpose. The department is directed to include \$420,000 of these costs in its calculation of workers' compensation premiums for the forest products industry for 2014, 2015, and 2016 rates. The department shall report to the legislature by December 31, 2014, an approach for using a third party safety certification vendor, accomplishments of the taskforce, accomplishments on this effort to-date, and future plans. The report must identify options for future funding and make recommendations for permanent funding for this program.

NEW SECTION. Sec. 218. FOR THE DEPARTMENT OF VETERANS AFFAIRS

(1) HEADQUARTERS

General Fund--State Appropriation (FY 2014)	\$1,996,000
General Fund--State Appropriation (FY 2015)	\$1,900,000
Charitable, Educational, Penal, and Reformatory Institutions Account--State Appropriation	\$10,000
TOTAL APPROPRIATION	\$3,906,000

(2) FIELD SERVICES

General Fund--State Appropriation (FY 2014)	\$5,340,000
General Fund--State Appropriation (FY 2015)	\$5,316,000
General Fund--Federal Appropriation	\$3,455,000
General Fund--Private/Local Appropriation	\$4,418,000
Veteran Estate Management Account--Private/Local Appropriation	\$1,104,000
TOTAL APPROPRIATION	\$19,633,000

The appropriations in this subsection are subject to the following conditions and limitations: \$300,000 of the general fund--state appropriation for fiscal year 2014 and \$300,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to provide crisis and emergency relief and education, training, and employment assistance to veterans and their families in their communities through the veterans innovation program.

(3) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2014)	\$102,000
General Fund--State Appropriation (FY 2015)	\$20,000
General Fund--Federal Appropriation	\$68,981,000
General Fund--Private/Local Appropriation	\$39,355,000

TOTAL APPROPRIATION	\$108,458,000
NEW SECTION. Sec. 219. FOR THE DEPARTMENT OF HEALTH	
General Fund--State Appropriation (FY 2014)	\$60,230,000
General Fund--State Appropriation (FY 2015)	\$59,198,000
General Fund--Federal Appropriation	\$536,074,000
General Fund--Private/Local Appropriation.....	\$139,455,000
Hospital Data Collection Account--State Appropriation....	\$222,000
Health Professions Account--State Appropriation	\$104,722,000
Aquatic Lands Enhancement Account--State Appropriation	\$604,000
Emergency Medical Services and Trauma Care Systems	
Trust Account--State Appropriation.....	\$12,319,000
Safe Drinking Water Account--State Appropriation	\$5,267,000
Drinking Water Assistance Account--Federal	
Appropriation	\$14,806,000
Waterworks Operator Certification--State	
Appropriation	\$1,560,000
Drinking Water Assistance Administrative Account--	
State Appropriation	\$339,000
Site Closure Account--State Appropriation	\$159,000
Biotoxin Account--State Appropriation.....	\$1,323,000
State Toxics Control Account--State Appropriation.....	\$3,949,000
Medical Test Site Licensure Account--State	
Appropriation	\$4,737,000
Youth Tobacco Prevention Account--State Appropriation	\$1,512,000
Public Health Supplemental Account--Private/Local	
Appropriation	\$3,236,000
Accident Account--State Appropriation	\$304,000
Medical Aid Account--State Appropriation	\$50,000
Medicaid Fraud Penalty Account--State	
Appropriation	\$987,000
TOTAL APPROPRIATION	\$951,053,000

The appropriations in this section are subject to the following conditions and limitations:

(1)(a) The department of health shall not initiate any services that will require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department of health and the state board of health shall not implement any new or amended rules pertaining to primary and secondary school facilities until the rules and a final cost estimate have been presented to the legislature, and the legislature has formally funded implementation of the rules through the omnibus appropriations act or by statute. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation that provides appropriation authority, and an equal amount of appropriated state moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(b) The joint administrative rules review committee shall review the new or amended rules pertaining to primary and secondary school facilities under (a) of this subsection. The review committee shall determine whether (i) the rules are within the intent of the legislature as expressed by the statute that the rule implements, (ii) the rule has been adopted in accordance with all applicable provisions of law, or (iii) that the agency is using a policy or interpretive statement in place of a rule. The rules review

committee shall report to the appropriate policy and fiscal committees of the legislature the results of committee's review and any recommendations that the committee deems advisable.

(2) In accordance with RCW 43.70.250 and 43.135.055, the department is authorized to establish and raise fees in fiscal year 2014 as necessary to meet the actual costs of conducting business and the appropriation levels in this section. This authorization applies to fees required for newborn screening, and fees associated with the following professions: Agency affiliated counselors; certified counselors; and certified advisors.

(3) \$150,000 of the state toxics control account--state appropriation is provided solely to provide water filtration systems for low-income households with individuals at high public health risk from nitrate-contaminated wells in the lower Yakima basin.

(4)(a) \$64,000 of the medicaid fraud penalty account--state appropriation is provided solely for the department to integrate the prescription monitoring program into the coordinated care electronic tracking program developed in response to section 213, chapter 7, Laws of 2012, 2nd sp. sess., commonly referred to as the seven best practices in emergency medicine.

(b) The integration must provide prescription monitoring program data to emergency department personnel when the patient registers in the emergency department. Such exchange may be a private or public joint venture, including the use of the state health information exchange.

(c) As part of the integration, the department shall request insurers and third-party administrators that provide coverage to residents of Washington state to provide the following to the coordinated care electronic tracking program:

(i) Any available information regarding the assigned primary care provider, and the primary care provider's telephone and fax numbers. This information is to be used for real-time communication to an emergency department provider when caring for a patient; and

(ii) Information regarding any available care plans or treatment plans for patients with higher utilization of services on a regular basis. This information is to be provided to the treating provider.

(5) \$270,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the Washington autism alliance to assist autistic individuals and families with autistic children during the transition to federal health reform.

(6) \$6,000 of the general fund--state appropriation for fiscal year 2014 and \$5,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the department to convene a work group to study and recommend language for standardized clinical affiliation agreements for clinical placements associated with the education and training of physicians licensed under chapter 18.71 RCW, osteopathic physicians and surgeons licensed under chapter 18.57 RCW, and nurses licensed under chapter 18.79 RCW. The work group shall develop one recommended standardized clinical affiliation agreement for each profession or one recommended standardized clinical affiliation agreement for all three professions.

(a) When choosing members of the work group, the department shall consult with the health care personnel shortage task force and shall attempt to ensure that the membership of the work group is geographically diverse. The work group must, at a minimum, include representatives of the following:

(i) Two-year institutions of higher education;

(ii) Four-year institutions of higher education;

(iii) The University of Washington medical school;

(iv) The college of osteopathic medicine at the Pacific Northwest University of Health Sciences;

(v) The health care personnel shortage task force;

(vi) Statewide organizations representing hospitals and other facilities that accept clinical placements;

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- (vii) A statewide organization representing physicians;
- (viii) A statewide organization representing osteopathic physicians and surgeons;
- (ix) A statewide organization representing nurses;
- (x) A labor organization representing nurses; and
- (xi) Any other groups deemed appropriate by the department in consultation with the health care personnel shortage task force.

(b) The work group shall report its findings to the governor and the appropriate standing committees of the legislature no later than November 15, 2014.

(7) \$65,000 of the general fund--state appropriation for fiscal year 2014 and \$65,000 of the general fund--state appropriation for fiscal year 2015 are for the midwifery licensure and regulatory program to supplement revenue from fees. The department shall charge no more than five hundred twenty-five dollars annually for new or renewed licenses for the midwifery program.

(8) During the 2013-2015 fiscal biennium, each person subject to RCW 43.70.110(3)(c) is required to pay only one surcharge of up to twenty-five dollars annually for the purposes of RCW 43.70.112, regardless of how many professional licenses the person holds.

(9) \$654,000 of the health professions account--state appropriation is provided solely for the implementation of Engrossed Senate Bill No. 5206 (health sciences library). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(10) \$35,000 of the health professions account--state appropriation is provided solely for the implementation of House Bill No. 1003 (health professions licensees). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(11) \$10,000 of the health professions account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1270 (board of denturists). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(12) \$10,000 of the health professions account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1271 (denturism). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(13) \$11,000 of the health professions account--state appropriation is provided solely for the implementation of House Bill No. 1330 (dental hygienists, assistants). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(14) \$1,008,000 of the health professions account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1343 (nurses surcharge). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(15) \$34,000 of the health professions account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1376 (suicide assessment training). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(16) \$10,000 of the health professions account--state appropriation is provided solely for the implementation of Engrossed Substitute House Bill No. 1515 (medical assistants). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(17) \$2,185,000 of the health professions account--state appropriation is provided solely for the implementation of Second Substitute House Bill No. 1518 (disciplinary authorities). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(18) \$141,000 of the general fund--private/local appropriation is provided solely for the implementation of Substitute House Bill No. 1525 (birth certificates). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(19) \$220,000 of the health professions account--state appropriation is provided solely for the implementation of House Bill No. 1534 (impaired dentist program). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(20) \$51,000 of the health professions account--state appropriation is provided solely for the implementation of House Bill No. 1609 (board of pharmacy). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(21) \$12,000 of the health professions account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1629 (home care aide continuing education). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(22) \$18,000 of the health professions account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1737 (physician assistants). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(23) \$77,000 of the general fund--state appropriation for fiscal year 2014 and \$38,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to develop a report on state efforts to prevent and control diabetes. The department, the health care authority, and the department of social and health services shall submit a coordinated report to the governor and the appropriate committees of the legislature by December 31, 2014, on the following:

(a) The financial impacts and reach that diabetes of all types and undiagnosed gestational diabetes are having on the programs administered by each agency and individuals, including children with mothers with undiagnosed gestational diabetes, enrolled in those programs. Items in this assessment must include: (i) The number of lives with diabetes and undiagnosed gestational diabetes impacted or covered by the programs administered by each agency; (ii) the number of lives with diabetes, or at risk for diabetes, and family members impacted by prevention and diabetes control programs implemented by each agency; (iii) the financial toll or impact diabetes and its complications, and undiagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs in comparison to other chronic diseases and conditions; and (iv) the financial toll or impact diabetes and its complications, and diagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs;

(b) An assessment of the benefits of implemented and existing programs and activities aimed at controlling all types of diabetes and preventing the disease. This assessment must also document the amount and source for any funding directed to each agency for the programs and activities aimed at reaching those with diabetes of all types;

(c) A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing all types of diabetes and its complications;

(d) The development or revision of detailed policy-related action plans and budget recommendations for battling diabetes and undiagnosed gestational diabetes that includes a range of actionable items for consideration by the legislature. The plans and budget recommendations must identify proposed action steps to reduce the impact of diabetes, prediabetes, related diabetes complications, and undiagnosed gestational diabetes. The plans and budget

recommendations must also identify expected outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing all types of diabetes; and

(e) An estimate of savings, efficiencies, costs, and budgetary savings and resources required to implement the plans and budget recommendations identified in (d) of this subsection (23).

(24) Within the general fund--state amounts appropriated in this section, the department of health will develop and administer the certified home care aide examination translated into at least seven languages in addition to the languages in which the examination is available on the effective date of this act. The purpose of offering the examination in additional languages is to encourage an adequate supply of certified home care aides to meet diverse long-term care client needs.

(25) The department of health must establish and perform, within existing funds, a formal review process of its existing rules. The goal of the review is to decrease the numbers of, simplify the process, and decrease the time required for obtaining licenses, permits, and inspections, as applicable, in order to reduce the regulatory burden on businesses without compromising public health and safety. Benchmarks must be adopted to assess the effectiveness of streamlining efforts. The department must establish a process for effectively applying sunset provisions to rules when applicable. The department must report to the applicable committees of the legislature with its review process and benchmarks by January 2014.

NEW SECTION. Sec. 220. FOR THE DEPARTMENT OF CORRECTIONS

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund--State Appropriation (FY 2014)	\$56,437,000
General Fund--State Appropriation (FY 2015)	\$54,779,000
Data Processing Revolving Account--State	
Appropriation	\$1,249,000
TOTAL APPROPRIATION	\$112,465,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$35,000 of the general fund--state appropriation for fiscal year 2014 and \$35,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the support of a statewide council on mentally ill offenders that includes as its members representatives of community-based mental health treatment programs, current or former judicial officers, and directors and commanders of city and county jails and state prison facilities. The council will investigate and promote cost-effective approaches to meeting the long-term needs of adults and juveniles with mental disorders who have a history of offending or who are at-risk of offending, including their mental health, physiological, housing, employment, and job training needs.

(b) \$150,000 of the general fund--state appropriation for fiscal year 2014 and \$75,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the department to contract with a consultant who can facilitate and provide project expertise on the implementation of community and prison based offender programming that follows the risk-needs-responsivity model.

(i) By September 1, 2013, the department shall provide to the consultant an inventory of all existing programming both in prisons and in community operations. The department shall consult with the Washington state institute for public policy (WSIPP) to determine whether programs are evidence-based or research-based using definitions provided by WSIPP and shall include this information on the inventory.

(ii) By October 1, 2013, the consultant shall report to the department, the office of financial management, and legislative fiscal committees on the department's current plans and processes for managing offender programming including processes for

phasing-out ineffective programs and implementing evidence-based or research-based programs. All department programs should be considered by the consultant regardless of whether they are included on the most recent list of WSIPP approved identifiable evidence-based practices in (b)(i) of this subsection.

(iii) The WSIPP, in consultation with the department, shall systematically review selected programs to determine the effectiveness of these programs at reducing recidivism or other outcomes. The WSIPP shall conduct a benefit-cost analysis of these programs when feasible and shall report to the legislature by December 1, 2013.

(iv) Based on the report provided by the consultant and the WSIPP review of programs, the department shall work collaboratively with the consultant to develop and complete a written comprehensive implementation plan by January 15, 2014. The implementation plan must clearly identify the types of programs to be included, the recommended locations where the programs will be sited, an implementation timeline, and a phasing of the projected number of participants needed to meet the threshold of available program funds.

(v) Using the written implementation plan as a guide, the department must have programs in place and fully phased-in no later than June 30, 2015.

(vi) The department shall hold the consultant on retainer to assist the department as needed throughout the implementation process. The consultant shall review quarterly the actual implementation compared to the written implementation plan and shall provide a report to the secretary of the department. The department shall provide reports to the office of financial management and legislative fiscal committees as follows:

(A) The written comprehensive implementation plan shall be provided by January 15, 2014; and

(B) Written progress updates shall be provided by July 1, 2014, and by December 1, 2014.

(2) CORRECTIONAL OPERATIONS

General Fund--State Appropriation (FY 2014)	\$605,039,000
General Fund--State Appropriation (FY 2015)	\$604,704,000
General Fund--Federal Appropriation	\$3,322,000
Washington Auto Theft Prevention Authority Account--	
State Appropriation	\$7,585,000
Environmental Legacy Stewardship Account--State	
Appropriation	\$105,000
County Criminal Justice Assistance Account--State	
Appropriation	\$390,000
TOTAL APPROPRIATION	\$1,221,145,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) During the 2013-2015 fiscal biennium, when contracts are established or renewed for offender pay phone and other telephone services provided to inmates, the department shall select the contractor or contractors primarily based on the following factors:

(i) The lowest rate charged to both the inmate and the person paying for the telephone call; and (ii) the lowest commission rates paid to the department, while providing reasonable compensation to cover the costs of the department to provide the telephone services to inmates and provide sufficient revenues for the activities funded from the institutional welfare betterment account.

(b) \$501,000 of the general fund--state appropriation for fiscal year 2014 and \$501,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the department to maintain the facility, property, and assets at the institution formerly known as the maple lane school in Rochester. The department may not house incarcerated offenders at the maple lane site until specifically directed to do so by the legislature.

(c) By December 1, 2013, the department of corrections shall provide a report to the office of financial management and the

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appropriate fiscal and policy committees of the legislature that evaluates the department's inmate intake processes and expenditures and makes recommendations for improvements. The evaluation must include an analysis of lean management processes that, if adopted, could improve the efficiency and cost effectiveness of inmate intake.

(d) By December 1, 2013, the department of corrections shall provide a report to the office of financial management and the appropriate fiscal and policy committees of the legislature that evaluates the department's use of partial confinement and work release programs and makes recommendations for improving public safety and decreasing recidivism through increasing participation in partial confinement re-entry and work release programs. In making its recommendations, the department shall identify:

(i) Options for increasing the capacity of work release beds to meet the number of eligible offenders;

(ii) Potential cost savings to the state through contracting for or building new work release capacity;

(iii) Options for expanding eligibility for partial confinement, including creation of a structured re-entry program that includes stable housing, mandatory participation in evidence-based programs, and intensive supervision; and

(iv) Potential cost savings to the state from creation of a structured re-entry program.

(e) By December 1, 2013, the department of corrections shall provide a report to the office of financial management and the appropriate fiscal and policy committees of the legislature that evaluates the department's community parenting alternative program, and makes recommendations for increasing participation in the program with the goals of increasing public safety and decreasing recidivism. The evaluation shall include recommendations for increasing the placement of eligible offenders into the program and increasing eligibility to other populations. In making its recommendations, the department shall identify the percent of the eligible population currently entering the program, outcomes to-date for program participants, and potential cost savings from increasing placement of offenders into the program.

(f) The department of corrections shall contract with local and tribal governments for the provision of jail capacity to house offenders who violate the terms of their community supervision. A contract shall not have a cost of incarceration in excess of \$85 per day per offender. A contract shall not have a year-to-year increase in excess of three percent per year. The contracts may include rates for the medical care of offenders which exceed the daily cost of incarceration and the limitation on year-to-year increase, provided that medical payments conform to the department's offender health plan, pharmacy formulary, and all off-site medical expenses are preapproved by department utilization management staff.

(g)(i) The legislature finds that it has taken several steps to mitigate the demand for prison capacity including funding evidence-based programming for offenders which is proven to reduce recidivism, funding evidence-based treatment alternatives to incarceration for drug-addicted offenders, standardizing inconsistencies in the drug sentencing grid, and authorizing the department to rent local jail beds. These steps will also assist the department's implementation of additional operational efficiencies by reducing costs related to offender intake, processing, and transportation.

(ii) Up to \$1,119,000 of the general fund--state appropriation for fiscal year 2014 and up to \$1,322,000 of the general fund--state appropriation for fiscal year 2015 may be used by the department to rent jail capacity for short-term offenders. In contracting for jail beds for short-term offenders, the department shall rent capacity from local and tribal governments to house offenders with an earned release date of less than one hundred twenty days remaining on his

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or her sentence at the time the offender would otherwise be transferred to a state correctional facility. The contracted daily costs for these offenders shall not exceed \$70 per offender including medical costs.

(h) The department of corrections shall issue a competitive solicitation by August 1, 2013, to contract with local jurisdictions for the use of inmate bed capacity in lieu of prison beds operated by the state. The department may contract for up to 300 beds statewide to the extent that it is at no net cost to the department. The department shall calculate and report the average cost per offender per day, inclusive of all services, on an annual basis for a facility that is representative of average medium or lower offender costs. The duration of the contracts may be for up to four years. The department shall not pay a rate greater than \$65 per day per offender for all costs associated with the offender while in the local correctional facility to include programming and health care costs, or the equivalent of \$65 per day per bed including programming and health care costs for full units. The capacity provided at local correctional facilities must be for offenders whom the department of corrections defines as medium or lower security offenders. Programming provided for inmates held in local jurisdictions is included in the rate, and details regarding the type and amount of programming, and any conditions regarding transferring offenders will be negotiated with the department as part of any contract. Local jurisdictions must provide health care to offenders that meet standards set by the department. The local jail will provide all medical care including unexpected emergent care. The department must utilize a screening process to ensure that offenders with existing extraordinary medical/mental health needs are not transferred to local jail facilities. If extraordinary medical conditions develop for an inmate while at a jail facility the jail may transfer the offender back to the department, subject to terms of the negotiated agreement. Health care costs incurred prior to transfer will be the responsibility of the jail. The department will report to legislative fiscal committees and the office of financial management by November 1, 2013, to provide a status update on implementation.

(i) The department shall convene a work group to develop health care cost containment strategies at local jail facilities. The work group shall identify cost containment strategies in place at the department and at local jail facilities, identify the costs and benefits of implementing strategies in jail health-care facilities, and make recommendations on implementing beneficial strategies. The work group shall submit a report on its findings and recommendations to the fiscal committees of the legislature by October 1, 2013. The work group shall include jail administrators, representatives from health care facilities at the local jail level and the state prisons level, and other representatives as deemed necessary.

(j) \$1,026,000 of the general fund--state appropriation for fiscal year 2014 and \$781,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to expand the piloted risk-needs-responsivity model to include the use of cognitive behavioral therapy with evidence-based programming at two minimum security prison facilities and at the Monroe correctional complex.

(k) \$23,653,000 of the general fund--state appropriation for fiscal year 2014 and \$24,919,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for offender programming. Pursuant to section 220(1) of this act, the department shall develop and implement a written comprehensive plan for offender programming that prioritizes programs which follow the risk-needs-responsivity model, are evidence-based, and have measurable outcomes. The department is authorized to discontinue ineffective programs and to repurpose underspent funds according to the priorities in the written plan.

(l) \$36,000 of the general fund--state appropriation for fiscal year 2014 and \$36,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of Engrossed Senate Bill No. 5484 (assault in the third-degree). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(m) \$48,000 of the general fund--state appropriation for fiscal year 2014 and \$48,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of Engrossed Substitute House Bill No. 1383 (stalking protection orders). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(n) \$36,000 of the general fund--state appropriation for fiscal year 2014 and \$36,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of Senate Bill No. 5149 (crimes against pharmacies). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(o) \$24,000 of the general fund--state appropriation for fiscal year 2014 and \$24,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of Engrossed Substitute Senate Bill No. 5669 (trafficking). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(p) \$24,000 of the general fund--state appropriation for fiscal year 2014 and \$24,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of Engrossed Senate Bill No. 5053 (vehicle prowling). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(q) \$96,000 of the county criminal justice assistance--state appropriation is provided solely for implementation of Engrossed Senate Bill No. 5105 (rental vouchers for offenders). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(3) COMMUNITY SUPERVISION

General Fund--State Appropriation (FY 2014)	\$130,568,000
General Fund--State Appropriation (FY 2015)	\$131,973,000
County Criminal Justice Assistance Account--State	\$2,249,000
Ignition Interlock Device Revolving Account--State	\$2,200,000
TOTAL APPROPRIATION	\$266,990,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$1,906,000 of the county criminal justice assistance account--state appropriation and \$2,200,000 of the ignition interlock device revolving account--state appropriation are provided solely for the department to contract for additional residential drug offender sentencing alternative treatment slots. By December 1, 2013, the department shall provide a report to the appropriate fiscal committees of the house of representatives and the senate on the use of the additional treatment slots.

(b) \$4,186,000 of the general fund--state appropriation for fiscal year 2014 and \$6,362,000 of the general fund--state appropriation for fiscal year 2015 must be expended on evidence-based programs that follow the risk-needs-responsivity model. The department is authorized to use up to ten percent of these funds as necessary to secure physical space as needed to maximize program delivery of evidence-based treatment to all high-risk, high-need offenders in community supervision. Funding may be prioritized by the department to any program recognized as evidence-based for adult offenders by the Washington state institute for public policy.

(c) \$16,513,000 of the general fund--state appropriation for fiscal year 2014 and \$16,527,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for offender programming. Pursuant to section 220 (1) of this act, the department shall develop and implement a written comprehensive

plan for offender programming that prioritizes programs which follow the risk-needs-responsivity model, are evidence-based, and have measurable outcomes. The department is authorized to discontinue ineffective programs and to repurpose underspent funds according to the priorities in the written plan.

(d) \$107,000 of the county criminal justice--state appropriation is provided solely for implementation of Engrossed Senate Bill No. 5105 (rental vouchers for offenders). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(4) CORRECTIONAL INDUSTRIES

General Fund--State Appropriation (FY 2014)	\$6,780,000
General Fund--State Appropriation (FY 2015)	\$7,182,000
TOTAL APPROPRIATION	\$13,962,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$3,293,000 of the general fund--state appropriation for fiscal year 2014 and \$3,707,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the stewardship of McNeil island. The department shall assume responsibility of all island maintenance excluding site specific maintenance operations for the special commitment center and the Pierce county secure transitional facility. The department shall as part of its industries program provide job skills to offenders while providing the minimum maintenance and preservation necessary for the state to remain in compliance with the federal deed for McNeil island. The department shall report on efficiencies and potential cost reductions to the office of financial management and legislative fiscal committees by December 15, 2013.

(b)(i) The department of social and health services shall transfer the stewardship of McNeil Island to the department of corrections industries program, effective September 1, 2013. The transferred responsibilities shall include marine operations, waste water treatment, water treatment, road maintenance, and any other general island maintenance that is not site specific to the operations of the special commitment center or the Pierce county secure community transition facility. Facility maintenance within the perimeter of the special commitment center shall remain the responsibility of the department of social and health services. Capital repairs and maintenance necessary to maintain the special commitment center on McNeil Island shall be managed by the department of social and health services. The legislature directs both departments to enter into an interagency agreement by August 1, 2013. The office of financial management shall oversee the negotiations of the interagency agreement. The interagency agreement must describe equipment that will transfer between the departments, warehouse space that will be shared by the departments, and occupancy requirements for any shops outside the perimeter of the special commitment center. The office of financial management will make the final determination on any disagreements between the departments on the details of the interagency agreement.

(ii) All employees of the department of social and health services engaged in performing the powers, functions, and duties transferred to the department of corrections industries program under this subsection, are transferred to the department of corrections.

(iii) All classified employees of department of social and health services assigned to the department of corrections under this subsection whose positions are within an existing bargaining unit description at the department of corrections shall become a part of the existing bargaining unit at the department of corrections and shall be considered an appropriate inclusion or modification of the existing bargaining unit under the provisions of chapter 41.80 RCW.

(5) INTERAGENCY PAYMENTS

General Fund--State Appropriation (FY 2014)	\$35,345,000
General Fund--State Appropriation (FY 2015)	\$32,115,000

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TOTAL APPROPRIATION\$67,460,000

The appropriations in this subsection are subject to the following conditions and limitations: The state prison medical facilities may use funds appropriated in this subsection to purchase goods and supplies through hospital or other group purchasing organizations when it is cost effective to do so.

NEW SECTION. Sec. 221. FOR THE DEPARTMENT OF SERVICES FOR THE BLIND

General Fund--State Appropriation (FY 2014)\$2,242,000
General Fund--State Appropriation (FY 2015)\$2,197,000
General Fund--Federal Appropriation\$21,060,000
General Fund--Private/Local Appropriation.....\$60,000
TOTAL APPROPRIATION\$25,559,000

NEW SECTION. Sec. 222. FOR THE EMPLOYMENT SECURITY DEPARTMENT

General Fund--Federal Appropriation\$269,977,000
General Fund--Private/Local Appropriation.....\$34,206,000
Unemployment Compensation Administration Account--
Federal Appropriation\$320,006,000
Administrative Contingency Account--State
Appropriation\$22,728,000
Employment Service Administrative Account--State
Appropriation\$35,567,000
TOTAL APPROPRIATION\$682,484,000

The appropriations in this subsection are subject to the following conditions and limitations:

(1) \$5,000,000 of the unemployment compensation administration account--federal appropriation is from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for continuing current unemployment insurance functions and department services to employers and job seekers.

(2) \$12,386,000 of the unemployment compensation administration account--federal appropriation is from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for the replacement of the unemployment insurance tax information system for the employment security department. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(3) \$3,735,000 of the unemployment compensation account--federal appropriation is from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for the replacement of call center technology to improve the integration of the telephone and computing systems to increase efficiency and improve customer service.

(4) \$182,000 of the employment services administrative account--state appropriation is provided for costs associated with the second stage of the review and evaluation of the training benefits program as directed in section 15(2), chapter 4, Laws of 2011 (unemployment insurance program). This second stage shall be developed and conducted by the joint legislative audit and review committee and shall consist of further work on the process study and net-impact/cost-benefit analysis components of the evaluation.

(5) \$240,000 of the administrative contingency account--state appropriation is provided solely for the employment security department to contract with a center for workers in King county. The amount appropriated in this subsection shall be used by the contracted center for workers to support initiatives that generate high-skill, high-wage jobs; improve workforce and training systems; improve service delivery for dislocated workers; and build alliances with community and environmental organizations.

(6) The department is prohibited from expending amounts appropriated in this section for implementation of chapter 49.86 RCW.

(End of part)

**PART III
NATURAL RESOURCES**

NEW SECTION. Sec. 301. FOR THE COLUMBIA RIVER GORGE COMMISSION

General Fund--State Appropriation (FY 2014)\$445,000
General Fund--State Appropriation (FY 2015)\$446,000
General Fund--Federal Appropriation\$31,000
General Fund--Private/Local Appropriation.....\$874,000
TOTAL APPROPRIATION\$1,796,000

NEW SECTION. Sec. 302. FOR THE DEPARTMENT OF ECOLOGY

General Fund--State Appropriation (FY 2014)\$25,929,000
General Fund--State Appropriation (FY 2015)\$25,506,000
General Fund--Federal Appropriation\$105,230,000
General Fund--Private/Local Appropriation.....\$16,912,000
Reclamation Account--State Appropriation\$3,735,000
Flood Control Assistance Account--State Appropriation \$1,985,000
State Emergency Water Projects Revolving
Account--State Appropriation.....\$40,000
Waste Reduction/Recycling/Litter Control--State
Appropriation\$9,722,000
State Drought Preparedness Account--State Appropriation
.....\$204,000
State and Local Improvements Revolving Account
(Water Supply Facilities)--State Appropriation\$426,000
Environmental Legacy Stewardship Account--State
Appropriation\$43,748,000
Aquatic Algae Control Account--State Appropriation\$513,000
Water Rights Tracking System Account--State
Appropriation\$46,000
Site Closure Account--State Appropriation\$556,000
Wood Stove Education and Enforcement Account--State
Appropriation\$612,000
Worker and Community Right-to-Know Account--State
Appropriation\$1,701,000
Water Rights Processing Account--State Appropriation\$135,000
State Toxics Control Account--State Appropriation....\$124,238,000
State Toxics Control Account--Private/Local
Appropriation\$979,000
Local Toxics Control Account--State Appropriation\$3,774,000
Water Quality Permit Account--State Appropriation\$40,982,000
Underground Storage Tank Account--State Appropriation.....
.....\$3,347,000
Biosolids Permit Account--State Appropriation\$1,848,000
Hazardous Waste Assistance Account--State
Appropriation\$6,037,000
Air Pollution Control Account--State Appropriation\$3,128,000
Oil Spill Prevention Account--State Appropriation.....\$5,684,000
Air Operating Permit Account--State Appropriation\$3,132,000
Freshwater Aquatic Weeds Account--State Appropriation
.....\$1,409,000
Oil Spill Response Account--State Appropriation.....\$7,076,000
Water Pollution Control Revolving Account--State
Appropriation\$356,000
Water Pollution Control Revolving Account--Federal
Appropriation\$1,505,000
Water Pollution Control Revolving Administration
Account--State Appropriation.....\$1,021,000

Radioactive Mixed Waste Account--State Appropriation.....	
.....	\$13,800,000
TOTAL APPROPRIATION	\$455,316,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$170,000 of the oil spill prevention account--state appropriation is provided solely for a contract with the University of Washington's sea grant program to continue an educational program targeted to small spills from commercial fishing vessels, ferries, cruise ships, ports, and marinas.

(2) Pursuant to RCW 43.135.055, the department is authorized to increase the following fees as necessary to meet the actual costs of conducting business and the appropriation levels in this section: Wastewater discharge permit, not more than 4.55 percent in fiscal year 2014 and 4.63 percent in fiscal year 2015; and reasonably available control technology fee.

(3) \$1,981,000 of the state toxics control account--state appropriation is for the department to provide training regarding the benefits of low-impact development including, but not limited to, when the use of low-impact development is appropriate and feasible, and the design, installation, maintenance, and best practices of low-impact development. The department will consult with Washington State University extension low-impact development technical center and others in the development of the low-impact technical training. As appropriate, the department may contract with the Washington State University extension low-impact development technical center, private sector vendors, associations, and others to deliver the technical training. The training must be provided free of cost to phase I and phase II permittees and the private development community including builders, engineers, and other industry professionals. The training must be sequenced geographically and provided in time for local jurisdictions to comply with RCW 90.48.260 and 36.70A.130(5). By August 1, 2013, the department of ecology shall provide the governor and appropriate legislative committees a plan for how low-impact development training funds will be spent during fiscal years 2014 through 2017.

(4) \$440,000 of the state toxics control account--state appropriation is provided solely for administering the water pollution control facilities financial assistance program authorized in chapter 90.50A RCW.

(5) \$350,000 of the state toxics control account--state appropriation is provided solely for the Spokane river regional toxics task force to support their efforts to address elevated levels of polychlorinated biphenyls in the Spokane river. Funding will be used to determine the extent of the cleanup required, implement cleanup actions to meet applicable water quality standards, and prevent recontamination.

(6) \$516,000 of the state toxics control account--state appropriation is provided solely for the department to support an ultrafine particulate study to determine how, if at all, the biomass cogeneration facilities in Port Townsend and Port Angeles may impact air quality and the health of citizens in the region.

(7) \$65,000 of the water quality permit account--state appropriation is provided solely for the implementation of Engrossed Substitute House Bill No. 1245 (derelict and abandoned vessels). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(8) The department of ecology shall establish and perform, within existing funds, a formal review process of its existing rules. The goal of the review is to decrease the numbers of, simplify the process, and decrease the time required for obtaining licenses, permits, and inspections, as applicable, in order to reduce the regulatory burden on businesses without compromising public health and safety. Benchmarks must be adopted to assess the effectiveness of streamlining efforts. The department must

establish a process for effectively applying sunset provisions to rules when applicable. The department must report to the applicable committees of the legislature with its review process and benchmarks by January 2014.

(9) The department shall collaborate with the middle snake river watershed, WRIA 35 planning unit in implementing its watershed plan.

(10)(a) \$14,000,000 of the general fund--state appropriation for fiscal year 2014 and \$14,000,000 of the general fund--state appropriation for fiscal year 2015 are for activities within the water resources program.

(b) Of the amounts provided in (a) of this subsection, \$500,000 of the general fund--state appropriation for fiscal year 2015 is provided solely for processing water right permit applications only if the department of ecology issues at least five hundred water right decisions in fiscal year 2014, and if the department of ecology does not issue at least five hundred water right decisions in fiscal year 2014 the amount provided in this subsection shall lapse and remain unexpended. The department of ecology shall submit a report to the office of financial management and the state treasurer by June 30, 2014, that documents whether five hundred water right decisions were issued in fiscal year 2014. For the purposes of this subsection, applications that are voluntarily withdrawn by an applicant do not count towards the five hundred water right decision requirement. For the purposes of water budget-neutral requests under chapter 173-539A WAC, multiple domestic connections authorized within a single water budget-neutral decision are considered one decision for the purposes of this subsection.

(11) The department of ecology, in consultation with the office of financial management, shall prepare a facilities plan to reduce the agency's facilities obligation and the agency's cost per FTE for its facilities by 2017 to align with comparable state agencies. The plan must be submitted to the office of financial management and the appropriate legislative fiscal committees by November 1, 2013. The plan must include: (a) An inventory of all currently owned and leased buildings, consistent with the data provided through the state's facilities inventory process prescribed by the office of financial management annually by September 1st; (b) a list of facilities solutions that will reduce costs with an emphasis on consolidation, collocation, and alternative space solutions such as shared workspace and mobile work; and (c) a department-wide coordinated process and plan for regularly evaluating facility needs.

NEW SECTION. Sec. 303. FOR THE STATE PARKS AND RECREATION COMMISSION

General Fund--State Appropriation (FY 2014)	\$4,254,000
General Fund--State Appropriation (FY 2015)	\$4,254,000
General Fund--Federal Appropriation	\$6,014,000
Winter Recreation Program Account--State Appropriation	
.....	\$2,065,000
ORV and Nonhighway Vehicle Account--State Appropriation	
.....	\$215,000
Snowmobile Account--State Appropriation	\$4,859,000
Aquatic Lands Enhancement Account--State Appropriation	
.....	363,000
Parks Renewal and Stewardship Account--State	
Appropriation	\$103,065,000
Parks Renewal and Stewardship Account--Private/Local	
Appropriation	\$300,000
Waste Reduction/Recycling/Litter Control Account--State	
Appropriation	\$1,700,000
TOTAL APPROPRIATION	\$127,089,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$79,000 of the general fund--state appropriation for fiscal year 2014 and \$79,000 of the general fund--state appropriation for

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fiscal year 2015 are provided solely for a grant for the operation of the Northwest weather and avalanche center.

(2) Prior to closing any state park, the commission must notify all affected local governments and relevant nonprofit organizations of the intended closure and provide an opportunity for the notified local governments and nonprofit organizations to elect to acquire, or enter into, a maintenance and operating contract with the commission that would allow the park to remain open.

(3) The commission shall prepare a report on its efforts to increase revenue from all sources, including the discover pass. The report shall also include a status update on the fiscal health of the state parks system, and shall be submitted to the office of financial management and the appropriate committees of the legislature by October 28, 2013.

NEW SECTION. Sec. 304. FOR THE RECREATION AND CONSERVATION FUNDING BOARD

General Fund--State Appropriation (FY 2014)	\$823,000
General Fund--State Appropriation (FY 2015)	\$815,000
General Fund--Federal Appropriation	\$3,425,000
General Fund--Private/Local Appropriation.....	\$24,000
Aquatic Lands Enhancement Account--State Appropriation	\$480,000
Firearms Range Account--State Appropriation	\$37,000
Recreation Resources Account--State Appropriation.....	\$3,086,000
NOVA Program Account--State Appropriation	\$964,000
TOTAL APPROPRIATION	\$9,654,000

NEW SECTION. Sec. 305. FOR THE ENVIRONMENTAL AND LAND USE HEARINGS OFFICE

General Fund--State Appropriation (FY 2014)	\$2,227,000
General Fund--State Appropriation (FY 2015)	\$2,147,000
TOTAL APPROPRIATION	\$4,374,000

NEW SECTION. Sec. 306. FOR THE CONSERVATION COMMISSION

General Fund--State Appropriation (FY 2014)	\$6,841,000
General Fund--State Appropriation (FY 2015)	\$6,738,000
General Fund--Federal Appropriation	\$2,301,000
State Toxics Control Account--State Appropriation.....	\$1,000,000
TOTAL APPROPRIATION	\$16,880,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Within the amounts appropriated in this section, the conservation commission, in consultation with conservation districts, must submit to the office of financial management and legislative fiscal committees by December 10, 2013, a report outlining opportunities to minimize districts' overhead costs, including consolidation of conservation districts within counties in which there is more than one district. The report must include details on the anticipated future savings that could be expected from implementing these efficiencies starting on July 1, 2014.

(2) \$300,000 of the general fund--state appropriation for fiscal year 2014 and \$246,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to implement the voluntary stewardship program in Thurston and Chelan counties. These amounts may not be used to fund agency indirect and administrative expenses.

(3) \$1,000,000 of the general fund--federal appropriation is provided solely to implement the voluntary stewardship program statewide. The commission shall place the appropriation in this subsection in unallotted status, and may not allot any of these funds until the federal government has provided funding to the commission for the purpose of implementing the voluntary stewardship program.

(4) The conservation commission must evaluate the current system for the election of conservation district board supervisors and recommend improvements to ensure the highest degree of

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public involvement in these elections. The commission must engage with stakeholder groups and conservation districts to gather a set of options for improvement to district elections, which must include an option aligning district elections with state and local general elections. The commission must submit a report detailing the options to the office of financial management and appropriate committees of the legislature by December 10, 2013.

NEW SECTION. Sec. 307. FOR THE DEPARTMENT OF FISH AND WILDLIFE

General Fund--State Appropriation (FY 2014)	\$30,321,000
General Fund--State Appropriation (FY 2015)	\$28,999,000
General Fund--Federal Appropriation	\$107,585,000
General Fund--Private/Local Appropriation.....	\$58,784,000
ORV and Nonhighway Vehicle Account--State Appropriation	\$397,000
Aquatic Lands Enhancement Account--State Appropriation	\$15,919,000
Recreational Fisheries Enhancement--State Appropriation.....	\$2,590,000
Environmental Legacy Stewardship Account--State Appropriation	\$1,224,000
Warm Water Game Fish Account--State Appropriation	\$2,507,000
Eastern Washington Pheasant Enhancement Account--State Appropriation	\$849,000
Aquatic Invasive Species Enforcement Account--State Appropriation	\$209,000
Aquatic Invasive Species Prevention Account--State Appropriation	\$737,000
State Wildlife Account--State Appropriation	\$103,460,000
Special Wildlife Account--State Appropriation.....	\$2,405,000
Special Wildlife Account--Federal Appropriation.....	\$500,000
Special Wildlife Account--Private/Local Appropriation	\$3,446,000
Wildlife Rehabilitation Account--State Appropriation.....	\$259,000
Hydraulic Project Approval Account--State Appropriation	\$674,000
Regional Fisheries Enhancement Salmonid Recovery Account--Federal Appropriation	\$5,001,000
Oil Spill Prevention Account--State Appropriation.....	\$917,000
Oyster Reserve Land Account--State Appropriation.....	\$773,000
TOTAL APPROPRIATION	\$367,556,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$130,000 of the general fund--state appropriation for fiscal year 2014 and \$130,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to pay for emergency fire suppression costs. These amounts may not be used to fund agency indirect and administrative expenses.

(2) Prior to submitting its 2015-2017 biennial operating and capital budget request related to state fish hatcheries to the office of financial management, the department shall contract with the hatchery scientific review group (HSRG) to review this request. This review shall: (a) Determine if the proposed requests are consistent with HSRG recommendations; (b) prioritize the components of the requests based on their contributions to protecting wild salmonid stocks and meeting the recommendations of the HSRG; and (c) evaluate whether the proposed requests are being made in the most cost effective manner. The department shall provide a copy of the HSRG review to the office of financial management with their agency budget proposal.

(3) \$400,000 of the general fund--state appropriation for fiscal year 2014 and \$400,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a state match to support the Puget Sound nearshore partnership between the department and the U.S. army corps of engineers.

(4) Within the amounts appropriated in this section, the department shall identify additional opportunities for partnerships in order to keep fish hatcheries operational. Such partnerships shall aim to maintain fish production and salmon recovery with less reliance on state operating funds.

(5) During the 2013-2015 fiscal biennium, the department must retain ownership and continue to occupy the downtown Olympia office building at 600 Capitol Way.

(6) \$1,000,000 of the state wildlife account--state appropriation is provided solely to the department for resources that serve to promote and engage nonlethal deterrence methods relating to wolf and livestock interaction with a priority given to funding cooperative agreements with livestock producers, and of this amount, \$250,000 in fiscal year 2014 is provided solely for compensation for injury or loss of livestock caused by wolves as prescribed in chapter 77.36 RCW.

(7) \$100,000 of the state wildlife account--state appropriation is provided solely for the transfer of trout from the Clarks creek hatchery to the Lakewood hatchery.

(8) \$100,000 of the general fund--state appropriation for fiscal year 2014 and \$100,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the production of steelhead, coho, and Chinook salmon at the Clarks creek hatchery.

(9) \$200,000 of the state wildlife account--state appropriation, \$50,000 of the general fund--state appropriation for fiscal year 2014, and \$50,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the department to increase production of juvenile fall Chinook on the Cowlitz river. The funds provided may be used to match or leverage funds from private or public sources for the same purpose.

(10) \$596,000 of the general fund--state appropriation for fiscal year 2014 and \$596,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for weed assessments and for payments in lieu of real property taxes to counties that elect to receive the payments for department owned game lands within the county.

(11) \$10,000 of the aquatic lands enhancement account--state appropriation is provided solely for development of an aquatic invasive species passport program to improve the efficiency and effectiveness of watercraft inspections by expediting aquatic invasive species watercraft inspections for watercraft at low risk of transmitting invasive species and prioritizing the use of available resources for the inspection of high risk vessels.

(12) Within the amounts appropriated in this section, the department must deploy additional wildlife conflict specialists to provide landowner assistance and address wildlife conflicts, with at least one additional specialist primarily assigned to each of the following areas: Administrative region six of the department; Okanogan and Chelan counties in administrative region two of the department; and Whatcom and Skagit counties in administrative region four of the department.

(13) \$25,000 of the general fund--state appropriation for fiscal year 2014 and \$25,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of House Bill No. 1112 (science and public policy). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(14) Within the amounts appropriated in this section the department shall work with the regional fisheries enhancement groups to identify a revenue source or sources capable of providing long-term funding to support the community-based salmon restoration work of regional fisheries enhancement groups. The department shall work with the regional fisheries enhancement group coalition to submit a report to the office of financial management and the appropriate legislative committees by December 1, 2013, with the outcomes and recommendations.

(15) The director must submit a revised payment methodology to the office of financial management and the fiscal committees of the legislature by October 1, 2013, on the allocation to counties as payments in lieu of real property taxes under RCW 77.12.203 for those counties that elected to receive an amount in lieu of real property taxes equal to that amount paid on similar parcels of open space land taxable under chapter 83.34 RCW as of January 1, 2013. The revised payment methodology shall be designed to provide supplemental payments to the affected counties. The department shall not implement this methodology until it has been approved by the legislature and incorporated into the 2014 supplemental omnibus appropriations act.

NEW SECTION. Sec. 308. FOR THE DEPARTMENT OF NATURAL RESOURCES

General Fund--State Appropriation (FY 2014)	\$42,515,000
General Fund--State Appropriation (FY 2015)	\$45,092,000
General Fund--Federal Appropriation	\$26,963,000
General Fund--Private/Local Appropriation.....	\$2,372,000
Forest Development Account--State Appropriation	\$49,054,000
ORV and Nonhighway Vehicle Account--State Appropriation	
.....	\$4,494,000
Surveys and Maps Account--State Appropriation	\$2,170,000
Aquatic Lands Enhancement Account--State Appropriation	
.....	\$3,634,000
Snowmobile Account--State Appropriation	\$100,000
Environmental Legacy Stewardship Account--State	
Appropriation	\$3,948,000
Resources Management Cost Account--State	
Appropriation	\$111,073,000
Surface Mining Reclamation Account--State Appropriation	
.....	\$3,972,000
Disaster Response Account--State Appropriation	\$5,000,000
Forest and Fish Support Account--State Appropriation	\$11,759,000
Aquatic Land Dredged Material Disposal Site	
Account--State Appropriation	\$843,000
Natural Resources Conservation Areas Stewardship	
Account--State Appropriation	\$34,000
Marine Resources Stewardship Trust Account--State	
Appropriation	\$3,700,000
State Toxics Control Account--State Appropriation	\$80,000
Forest Practices Application Account--State	
Appropriation	\$1,697,000
Air Pollution Control Account--State Appropriation	\$785,000
NOVA Program Account--State Appropriation	\$950,000
Derelict Vessel Removal Account--State Appropriation	\$1,770,000
Agricultural College Trust Management Account--State	
Appropriation	\$2,712,000
TOTAL APPROPRIATION	\$324,717,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,389,000 of the general fund--state appropriation for fiscal year 2014 and \$1,323,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for deposit into the agricultural college trust management account and are provided solely to manage approximately 70,700 acres of Washington State University's agricultural college trust lands.

(2) \$19,099,000 of the general fund--state appropriation for fiscal year 2014, \$19,099,000 of the general fund--state appropriation for fiscal year 2015, and \$5,000,000 of the disaster response account--state appropriation are provided solely for emergency fire suppression. None of the general fund and disaster response account amounts provided in this subsection may be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations. The department of natural resources shall submit a quarterly report to the office of

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financial management and the legislative fiscal committees detailing information on current and planned expenditures from the disaster response account. This work shall be done in coordination with the military department.

(3) \$5,000,000 of the forest and fish support account--state appropriation is provided solely for outcome-based, performance contracts with tribes to participate in the implementation of the forest practices program. Contracts awarded may only contain indirect costs set at or below the rate in the contracting tribe's indirect cost agreement with the federal government. If federal funding for this purpose is reinstated, the amount provided in this subsection shall lapse.

(4) \$518,000 of the forest and fish support account--state appropriation is provided solely for outcome-based performance contracts with nongovernmental organizations to participate in the implementation of the forest practices program. Contracts awarded may only contain indirect cost set at or below a rate of eighteen percent.

(5) \$717,000 of the forest and fish support account--state appropriation is provided solely to fund interagency agreements with the department of ecology and the department of fish and wildlife as part of the adaptive management process.

(6) \$440,000 of the state general fund--state appropriation for fiscal year 2014 and \$440,000 of the state general fund--state appropriation for fiscal year 2015 are provided solely for forest work crews that support correctional camps and are contingent upon continuing operations of Naselle youth camp.

(7) \$2,382,000 of the resource management cost account--state appropriation is for addressing the growing backlog of expired aquatic leases and new aquatic lease applications. The department shall implement a Lean process to improve the lease review process and further reduce the backlog, and submit a report on its progress in addressing the backlog and implementation of the Lean process to the governor and the appropriate committees of the legislature by October 1, 2013.

(8) \$1,948,000 of the environmental legacy stewardship account--state appropriation is provided solely for the department to pay a portion of the costs to complete remedial investigation work at Whitmarsh landfill and Mill site A and perform final-year maintenance of the Olympic view triangle site in Commencement Bay.

(9) \$265,000 of the resources management cost account--state appropriation is provided solely for implementation of Second Substitute House Bill No. 1764 (geoduck diver licenses). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(10) \$425,000 of the derelict vessel removal account--state appropriation is provided solely for implementation of Engrossed Substitute House Bill No. 1245 (derelict and abandoned vessels). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(11) \$3,700,000 of the marine resources stewardship trust account--state appropriation is provided solely for implementation of priority marine management planning efforts including mapping activities, ecological assessment, data tools, stakeholder engagement, and all other work identified in Engrossed Senate Bill No. 5603 (marine advisory councils) during the 2013-2015 fiscal biennium.

NEW SECTION. Sec. 309. FOR THE DEPARTMENT OF AGRICULTURE

General Fund--State Appropriation (FY 2014)	\$15,300,000
General Fund--State Appropriation (FY 2015)	\$15,294,000
General Fund--Federal Appropriation	\$23,098,000
General Fund--Private/Local Appropriation.....	\$192,000
Aquatic Lands Enhancement Account--State Appropriation	

.....	\$2,837,000
State Toxics Control Account--State Appropriation.....	\$5,203,000
Water Quality Permit Account--State Appropriation	\$70,000
TOTAL APPROPRIATION	\$61,994,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$5,308,445 of the general fund--state appropriation for fiscal year 2014 and \$5,302,905 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementing the food assistance program as defined in RCW 43.23.290.

(2) Pursuant to RCW 43.135.055 and 16.57.220, the department is authorized to institute livestock inspection fees in the 2013-2015 fiscal biennium for calves less than thirty days old.

(3) Pursuant to RCW 43.135.055 and 16.36.150, the department is authorized to establish a fee for the sole purpose of purchasing and operating a database and any other technology or software needed to administer animal disease traceability activities for cattle sold or slaughtered in the state or transported out of the state.

(4) Within the amounts appropriated in this section, the department of agriculture must convene and facilitate a work group with appropriate stakeholders to review fees supporting programs within the department that are also supported with state general fund. In developing strategies to make the program work more self-supporting, the workgroup will consider, at minimum, the length of time since the last fee increase, similar fees that exist in neighboring states, and fee increases that will ensure reasonable competitiveness in the respective industries. The workgroup must submit a report containing recommendations that will make each of the fee supported programs within the department less reliant on state general fund to the office of financial management and legislative fiscal committees by December 1, 2013.

NEW SECTION. Sec. 310. FOR THE WASHINGTON POLLUTION LIABILITY INSURANCE PROGRAM
Pollution Liability Insurance Program Trust

Account--State Appropriation.....	\$987,000
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NEW SECTION. Sec. 311. FOR THE PUGET SOUND PARTNERSHIP

General Fund--State Appropriation (FY 2014)	\$2,416,000
General Fund--State Appropriation (FY 2015)	\$2,318,000
General Fund--Federal Appropriation	\$11,570,000
Aquatic Lands Enhancement Account--State Appropriation	
.....	\$1,920,000
State Toxics Control Account--State Appropriation.....	\$676,000
TOTAL APPROPRIATION	\$18,900,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$788,000 of the aquatic lands enhancement account--state appropriation is provided solely for coordinating a study of Puget Sound juvenile steelhead marine survival conducted by the department of fish and wildlife and based on a study plan developed in cooperation with federal, tribal, and nongovernmental entities.

(2) By October 1, 2014, the Puget Sound partnership shall provide the governor a single, prioritized list of state agency 2015-2017 capital and operating budget requests related to Puget Sound restoration.

(End of part)

**PART IV
TRANSPORTATION**

NEW SECTION. Sec. 401. FOR THE DEPARTMENT OF LICENSING

General Fund--State Appropriation (FY 2014)	\$1,103,000
General Fund--State Appropriation (FY 2015)	\$1,341,000

Architects' License Account--State Appropriation.....	\$902,000
Professional Engineers' Account--State Appropriation	\$3,558,000
Real Estate Commission Account--State Appropriation	\$9,929,000
Uniform Commercial Code Account--State Appropriation	\$3,154,000
Real Estate Education Account--State Appropriation	\$276,000
Real Estate Appraiser Commission Account--State Appropriation	\$1,703,000
Business and Professions Account--State Appropriation	\$17,454,000
Funeral and Cemetery Account--State Appropriation.....	\$5,000
Landscape Architects' License Account--State Appropriation.....	\$4,000
Appraisal Management Company Account--State Appropriation	\$4,000
Real Estate Research Account--State Appropriation.....	\$415,000
Wildlife Account--State Appropriation	\$32,000
Geologists' Account--State Appropriation.....	\$52,000
Derelict Vessel Removal Account--State Appropriation.....	\$31,000
TOTAL APPROPRIATION	\$39,963,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$566,000 of the business and professions account--state appropriation is provided solely for the implementation of Engrossed Substitute House Bill No. 1552 (scrap metal theft reduction). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(2) \$166,000 of the business and professions account--state appropriation in fiscal year 2014 only is provided solely for the implementation of Substitute House Bill No. 1779 (esthetics). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(3) \$592,000 of the business and professions account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1822 (debt collection practices). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(4) \$32,000 of the state wildlife account--state appropriation is provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5193 (wolf conflict management). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 402. FOR THE STATE PATROL

General Fund--State Appropriation (FY 2014)	\$34,653,000
General Fund--State Appropriation (FY 2015)	\$32,485,000
General Fund--Federal Appropriation	\$16,189,000
General Fund--Private/Local Appropriation.....	\$3,020,000
Death Investigations Account--State Appropriation.....	\$9,956,000
Enhanced 911 Account--State Appropriation.....	\$3,480,000
County Criminal Justice Assistance Account--State Appropriation	\$3,332,000
Municipal Criminal Justice Assistance Account--State Appropriation	\$1,351,000
Fire Service Trust Account--State Appropriation.....	\$131,000
Disaster Response Account--State Appropriation	\$8,000,000
Fire Service Training Account--State Appropriation	\$9,797,000
Aquatic Invasive Species Enforcement Account--State Appropriation	\$54,000
State Toxics Control Account--State Appropriation.....	\$516,000
Fingerprint Identification Account--State Appropriation	\$10,747,000
Vehicle License Fraud Account--State Appropriation	\$447,000
TOTAL APPROPRIATION	\$134,158,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$200,000 of the fire service training account--state appropriation is provided solely for two FTEs in the office of the state director of fire protection to exclusively review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this appropriation to provide these services only to those districts that are located in counties without qualified review capabilities.

(2) \$8,000,000 of the disaster response account--state appropriation is provided solely for Washington state fire service resource mobilization costs incurred in response to an emergency or disaster authorized under RCW 43.43.960 through 43.43.964. The state patrol shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from this account. This work shall be done in coordination with the military department.

(3) \$700,000 of the fire service training account--state appropriation is provided solely for the firefighter apprenticeship training program.

(4) \$3,480,000 of the enhanced 911 account--state appropriation is provided solely for upgrades to the Washington state identification system and the Washington crime information center. Amounts provided in this subsection may not be expended until the office of the chief information officer approves a plan to move the Washington state patrol's servers and data center equipment into the state data center in the 1500 Jefferson building, and the office of the chief information officer certifies that the Washington state patrol has begun the move. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(5) \$154,000 of the fingerprint identification account--state appropriation is provided solely for implementation of Substitute House Bill No. 1612 (firearms offenders). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(End of part)

**PART V
EDUCATION**

NEW SECTION. Sec. 501. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

General Fund--State Appropriation (FY 2014)	\$27,264,000
General Fund--State Appropriation (FY 2015)	\$26,041,000
General Fund--Federal Appropriation	\$63,826,000
General Fund--Private/Local Appropriation.....	\$4,005,000
Performance Audits of Government Account--State Appropriation	\$200,000
TOTAL APPROPRIATION	\$121,336,000

The appropriations in this section are subject to the following conditions and limitations:

(1) A maximum of \$16,881,000 of the general fund--state appropriation for fiscal year 2014 and \$16,602,000 of the general fund--state appropriation for fiscal year 2015 is for state agency operations.

(a) \$8,846,000 of the general fund--state appropriation for fiscal year 2014 and \$8,910,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the operation and expenses of the office of the superintendent of public instruction.

(i) Within the amounts provided in this subsection (1)(a), the superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award.

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(ii) Districts shall report to the office of the superintendent of public instruction daily student unexcused absence data by school, using a uniform definition of unexcused absence as established by the superintendent.

(iii) By September of each year, the office of the superintendent of public instruction shall produce an annual status report of the budget provisos in sections 501 and 513 of this act. The status report of each proviso shall include, but not be limited to, the following information: Purpose and objective, number of staff, number of contractors, status of proviso implementation, number of beneficiaries by year, list of beneficiaries, and proviso outcomes and achievements.

(iv) The superintendent of public instruction shall update the program prepared and distributed under RCW 28A.230.150 for the observation of temperance and good citizenship day to include providing an opportunity for eligible students to register to vote at school.

(v) The office of the superintendent of public instruction shall review career and technical education and skill center programs' funding enhancement formulas, expenditure accounting systems, and reporting. The office will make recommendations for revising the funding formulas, including the possibility of conversion to a model that enhances basic education rates, potential revisions to accounting systems, and recommendations for improving reporting and transparency. The office shall submit recommendations to the appropriate fiscal committees of the legislature and the office of financial management by October 1, 2013.

(vi) Appropriations in this section are sufficient for the office of the superintendent of public instruction to conduct ongoing consolidated program reviews of alternative learning experience programs and dropout reengagement programs established under chapter 20, Laws of 2010. The office of the superintendent of public instruction shall include alternative learning education and dropout reengagement programs in their ongoing consolidated program reviews, as well as provide outreach and training to school districts regarding implementation of the programs. Findings from the program reviews will be used to support and prioritize office of the superintendent outreach and education efforts that assist school districts in implementing the programs in accordance with statute and legislative intent, as well as to support financial and performance audit work conducted by the office of the state auditor.

(b) \$1,017,000 of the general fund--state appropriation for fiscal year 2014 and \$1,017,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for activities associated with the implementation of new school finance systems required by chapter 236, Laws of 2010 (K-12 education funding) and chapter 548, Laws of 2009 (state's education system), including technical staff, systems reprogramming, and workgroup deliberations, including the quality education council and the data governance working group.

(c) \$1,012,000 of the general fund--state appropriation for fiscal year 2014 and \$1,012,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities. Of these amounts, \$161,000 of the general fund--state appropriation for fiscal year 2014 and \$161,000 of the general fund--state appropriation for fiscal year 2015 are provided for implementation of Initiative Measure No. 1240 (charter schools).

(d) \$1,325,000 of the general fund--state appropriation for fiscal year 2014 and \$1,325,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to the professional educator standards board for the following:

(i) \$1,050,000 in fiscal year 2014 and \$1,050,000 in fiscal year 2015 are for the operation and expenses of the Washington professional educator standards board;

(ii) \$250,000 of the general fund--state appropriation for fiscal year 2014 and \$250,000 of the general fund--state appropriation for fiscal year 2015 are for mentor stipends provided through the alternative routes to certification program administered by the professional educator standards board, including the pipeline for paraeducators program and the retooling to teach conditional loan programs. Funding within this subsection (1)(d)(ii) is also provided for the recruiting Washington teachers program; and

(iii) \$25,000 of the general fund--state appropriation for fiscal year 2014 and \$25,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the professional educator standards board to develop educator interpreter standards and identify interpreter assessments that are available to school districts. Interpreter assessments should meet the following criteria: (A) Include both written assessment and performance assessment; (B) be offered by a national organization of professional sign language interpreters and transliterators; and (C) be designed to assess performance in more than one sign system or sign language. The board shall establish a performance standard, defining what constitutes a minimum assessment result, for each educational interpreter assessment identified. The board shall publicize the standards and assessments for school district use.

(e) \$133,000 of the general fund--state appropriation for fiscal year 2014 and \$133,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 240, Laws of 2010, including staffing the office of equity and civil rights.

(f) \$50,000 of the general fund--state appropriation for fiscal year 2014 and \$50,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the ongoing work of the education opportunity gap oversight and accountability committee.

(g) \$45,000 of the general fund--state appropriation for fiscal year 2014 and \$45,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 380, Laws of 2009 (enacting the interstate compact on educational opportunity for military children).

(h) \$131,000 of the general fund--state appropriation for fiscal year 2014 and \$131,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of Initiative Measure No. 1240 (charter schools).

(i) \$1,826,000 of the general fund--state appropriation for fiscal year 2014 and \$1,802,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementing a comprehensive data system to include financial, student, and educator data, including development and maintenance of the comprehensive education data and research system (CEDARS).

(j) \$25,000 of the general fund--state appropriation for fiscal year 2014 and \$25,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for project citizen, a program sponsored by the national conference of state legislatures and the center for civic education to promote participation in government by middle school students.

(k) \$1,500,000 of the general fund--state appropriation for fiscal year 2014 and \$1,500,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for collaborative schools for innovation and success authorized under chapter 53, Laws of 2012. The office of the superintendent of public instruction shall award \$500,000 per year in funding for each collaborative school for innovation and success selected for participation in the pilot program during 2012.

(l) \$123,000 of the general fund--state appropriation for fiscal year 2014 and \$123,000 of the general fund--state appropriation for

fiscal year 2015 are provided solely for implementation of chapter 163, Laws of 2012 (foster care outcomes). The office of the superintendent of public instruction shall annually report each December on the implementation of the state's plan of cross-system collaboration to promote educational stability and improve education outcomes of foster youth.

(m) \$250,000 of the general fund--state appropriation for fiscal year 2014 and \$250,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of chapter 178, Laws of 2012 (open K-12 education resources).

(n) \$93,000 of the general fund--state appropriation for fiscal year 2014 and \$93,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for chapter 185, Laws of 2011 (bullying prevention, which requires the office of the superintendent of public instruction to convene an ongoing workgroup on school bullying and harassment prevention. Within the amounts provided, \$140,000 is for youth suicide prevention activities.

(o) \$138,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for implementation of House Bill No. 1336 (troubled youth in school). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(p) \$68,000 of the general fund--state appropriation for fiscal year 2014 and \$14,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of House Bill No. 1134 (state-tribal education compacts). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(q) \$62,000 of the general fund--state appropriation for fiscal year 2014 and \$62,000 of the general fund--state appropriation for competitive grants to school districts to increase the capacity of high schools to offer AP computer science courses. In making grant allocations, the office of the superintendent of public instruction must give priority to schools and districts in rural areas, with substantial enrollment of low-income students, and that do not offer AP computer science. School districts may apply to receive either or both of the following grants:

(i) A grant to establish partnerships to support computer science professionals from private industry serving on a voluntary basis as coinstructors along with a certificated teacher, including via synchronous video, for AP computer science courses; or

(ii) A grant to purchase or upgrade technology and curriculum needed for AP computer science, as well as provide opportunities for professional development for classroom teachers to have the requisite knowledge and skills to teach AP computer science.

(r) \$27,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for implementation of House Bill No. 1556 (cardiac arrest education).

(s) \$50,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the development of recommendations for funding integrated school nursing and outreach services. The office of the superintendent of public instruction shall collaborate with the health care authority to develop recommendations for increasing federal financial participation for providing nursing services in schools with the goals of integrating nursing and outreach services and supporting one nurse for every four-hundred fifty students in elementary schools and one nurse for every seven-hundred fifty students in secondary schools. The recommendations shall include proposals for funding training and reimbursement for nurses that provide outreach services to help eligible students enroll in apple health for kids and other social services programs. The authority and the office of the superintendent of public instruction shall provide these recommendations to the governor and the legislature by December 1, 2013.

(t) \$50,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the office of the superintendent of

public instruction to contract with an organization to develop a model plan for evaluating the outcomes of state funded pilot education programs, including guidelines for standard data that must be gathered throughout any education pilot program, as well as guidance for data and evaluation methods depending on the design of the program and the target population. The contract must also include a provision to provide guidance for the evaluation of existing pilot programs.

(u) \$10,000 of the general fund--state appropriation for fiscal year 2014 and \$10,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the superintendent of public instruction to convene a committee for the selection and recognition of Washington innovative schools. The committee shall select and recognize Washington innovative schools based on the selection criteria established by the office of the superintendent of public instruction, in accordance with chapter 202, Laws of 2011 (innovation schools--recognition) and chapter 260, Laws of 2011 (innovation schools and zones).

(v) \$100,000 of the general fund--state appropriation for fiscal year 2014 and \$100,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Mobius science center to expand mobile outreach of science, technology, engineering, and mathematics (STEM) education to students in rural, tribal, and low-income communities.

(2) \$200,000 of the performance audits of government account--state appropriation is provided solely for a one-time workload increase to address additional audit resolutions and appeals in the alternative learning experience programs.

(3) \$10,277,000 of the general fund--state appropriation for fiscal year 2014 and \$9,565,000 of the general fund--state appropriation for fiscal year 2015 are for statewide programs.

(a) HEALTH AND SAFETY

(i) \$2,541,000 of the general fund--state appropriation for fiscal year 2014 and \$2,541,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a corps of nurses located at educational service districts, as determined by the superintendent of public instruction, to be dispatched to the most needy schools to provide direct care to students, health education, and training for school staff.

(ii) \$135,000 of the general fund--state appropriation for fiscal year 2014 and \$135,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a nonviolence and leadership training program provided by the institute for community leadership.

(b) TECHNOLOGY

\$1,221,000 of the general fund--state appropriation for fiscal year 2014 and \$1,221,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for K-20 telecommunications network technical support in the K-12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. These funds may be used to purchase engineering and advanced technical support for the network.

(c) GRANTS AND ALLOCATIONS

(i) \$1,875,000 of the general fund--state appropriation for fiscal year 2014 and \$1,875,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington state achievers scholarship program. The funds shall be used to support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars.

(ii) \$1,000,000 of the general fund--state appropriation for fiscal year 2014 and \$1,000,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for contracting with a college scholarship organization with expertise in conducting outreach to students concerning eligibility for the Washington

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college bound scholarship consistent with chapter 405, Laws of 2007.

(iii) \$1,000,000 of the general fund--state appropriation for fiscal year 2014 and \$1,000,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for dropout prevention, intervention, and reengagement programs, including the jobs for America's graduates (JAG) program and the building bridges statewide program.

(iv) \$2,112,000 of the general fund--state appropriation for fiscal year 2014 and \$1,400,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 340, Laws of 2011 and chapter 51, Laws of 2012. This includes the development and implementation of the Washington kindergarten inventory of developing skills (WaKIDS).

(v) \$100,000 of the general fund--state appropriation for fiscal year 2014 and \$100,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to subsidize advanced placement exam fees and international baccalaureate class fees and exam fees for low-income students. To be eligible for the subsidy, a student must be either enrolled or eligible to participate in the federal free or reduced price lunch program, and the student must have maximized the allowable federal contribution. The office of the superintendent of public instruction shall set the subsidy in an amount so that the advanced placement exam fee does not exceed \$15.00 and the combined class and exam fee for the international baccalaureate does not exceed \$14.50.

(vi) \$293,000 of the general fund--state appropriation for fiscal year 2014 and \$293,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the office of the superintendent of public instruction to support the dissemination of the navigation 101 curriculum to all districts.

NEW SECTION. Sec. 502. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT

General Fund--State Appropriation (FY 2014)	\$5,395,289,000
General Fund--State Appropriation (FY 2015)	\$5,581,336,000
Education Legacy Trust Account--State Appropriation	\$328,563,000
TOTAL APPROPRIATION	\$11,305,188,000

The appropriations in this section are subject to the following conditions and limitations:

(1)(a) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b) For the 2013-14 and 2014-15 school years, the superintendent shall allocate general apportionment funding to school districts as provided in the funding formulas and salary schedules in sections 502 and 503 of this act, excluding (c) of this subsection.

(c) From July 1, 2013, to August 31, 2013, the superintendent shall allocate general apportionment funding to school districts programs as provided in sections 502 and 503, chapter 50, Laws of 2011 1st sp. sess., as amended.

(d) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the fourth day of school in September and on the first school day of each month October through June, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. Any school district concluding its basic education program in May must report the enrollment of the last school day held in May in lieu of a June enrollment.

(2) CERTIFICATED INSTRUCTIONAL STAFF ALLOCATIONS

Allocations for certificated instructional staff salaries for the 2013-14 and 2014-15 school years are determined using formula-generated staff units calculated pursuant to this subsection.

(a) Certificated instructional staff units, as defined in RCW 28A.150.410, shall be allocated to reflect the minimum class size allocations, requirements, and school prototypes assumptions as provided in RCW 28A.150.260, except that the allocation for guidance counselors in a middle school shall be 1.216 and the allocation for guidance counselors in a high school shall be 2.009, which enhancements are within the program of basic education. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent student enrollment in each grade.

(b) Additional certificated instructional staff units provided in this subsection (2) that exceed the minimum requirements in RCW 28A.150.260 are enhancements outside the program of basic education, except as otherwise provided in this section.

(c)(i) The superintendent shall base allocations for each level of prototypical school on the following regular education average class size of full-time equivalent students per teacher, except as provided in (c)(ii) of this subsection:

General education class size:				
Grade	RCW 28A.150.260	2013-14	2014-15	
		School	School	
		Year	Year	
Grades K-3	.....	25.23	25.23	
Grade 4	.....	27.00	27.00	
Grades 5-6	.....	27.00	27.00	
Grades 7-8	.....	28.53	28.53	
Grades 9-12	.....	28.74	28.74	

The superintendent shall base allocations for career and technical education (CTE) and skill center programs average class size as provided in RCW 28A.150.260.

(ii) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

(A) General education class size in high poverty schools:

Grade		RCW 28A.150.260
		0
Grade 2	.....	24.10
Grade 3	.....	24.10
Grade 4	.....	27.00
Grade s 5-6	.....	27.00
Grade s 7-8	.....	28.53
Grade s 9-12	.....	28.74

(B) For grades K-1, class size of 20.85 is provided for high poverty schools for the 2013-14 school year;

(C) For grades K through 1, the superintendent shall, at a minimum, allocate funding to high-poverty schools for the 2014-15 school year based on an average class size of 24.10 full-time equivalent students per teacher. The superintendent shall provide enhanced funding for class size reduction in grades K through 1 to the extent of, and proportionate to, the school's demonstrated actual average class size up to a class size of 20.30 full-time equivalent students per teacher. The office of the superintendent of public instruction shall develop rules to implement the enhanced funding authorized under (ii)(C) of this subsection and shall distribute draft rules for review no later than December 1, 2013. The office of the superintendent of public instruction shall report the draft rules and proposed methodology to the governor and the appropriate policy and fiscal committees of the legislature by December 1, 2013.

(D) The enhancement in this subsection (2)(c)(ii) is within the program of basic education.

(iii) Pursuant to RCW 28A.150.260(4)(a), the assumed teacher planning period, expressed as a percentage of a teacher work day, is 13.42 percent in grades K-6, and 16.67 percent in grades 7-12; and

(iv) Laboratory science, advanced placement, and international baccalaureate courses are funded at the same class size assumptions as general education schools in the same grade; and

(d)(i) Funding for teacher librarians, school nurses, social workers, school psychologists, and guidance counselors is allocated based on the school prototypes as provided in RCW 28A.150.260 and (a) of this subsection and is considered certificated instructional staff, except as provided in (d)(ii) of this subsection.

(ii) Students in approved career and technical education and skill center programs generate certificated instructional staff units to provide for the services of teacher librarians, school nurses, social workers, school psychologists, and guidance counselors at the following combined rate per 1000 students:

Career and Technical Education

students.....	2.02 per 1000 student FTE's
Skill Center students	2.36 per 1000 student FTE's

(3) ADMINISTRATIVE STAFF ALLOCATIONS

(a) Allocations for school building-level certificated administrative staff salaries for the 2013-14 and 2014-15 school years for general education students are determined using the formula generated staff units calculated pursuant to this subsection. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent enrollment in each grade. The following prototypical school values shall determine the allocation for principals, assistance principals, and other certificated building level administrators:

Prototypic		
al School		
Building:		
Elementar	.....	1.25
y School		3
Middle	.....	1.35
School		3
High	.....	1.88
School		0

(b) Students in approved career and technical education and skill center programs generate certificated school building-level administrator staff units at per student rates that are a multiple of the general education rate in (a) of this subsection by the following factors: Career and Technical Education students 1.025
Skill Center students..... 1.198

(4) CLASSIFIED STAFF ALLOCATIONS

Allocations for classified staff units providing school building-level and district-wide support services for the 2013-14 and 2014-15 school years are determined using the formula-generated staff units provided in RCW 28A.150.260, and adjusted based on each district's annual average full-time equivalent student enrollment in each grade, except that the allocation for parent involvement coordinators in an elementary school shall be 0.0825, which enhancement is within the program of basic education.

(5) CENTRAL OFFICE ALLOCATIONS

In addition to classified and administrative staff units allocated in subsections (3) and (4) of this section, classified and administrative staff units are provided for the 2013-14 and 2014-15 school year for the central office administrative costs of operating a school district, at the following rates:

(a) The total central office staff units provided in this subsection (5) are calculated by first multiplying the total number of eligible certificated instructional, certificated administrative, and classified staff units providing school-based or district-wide support services, as identified in RCW 28A.150.260(6)(b), by 5.3 percent.

(b) Of the central office staff units calculated in (a) of this subsection, 74.53 percent are allocated as classified staff units, as generated in subsection (4) of this section, and 25.47 percent shall be allocated as administrative staff units, as generated in subsection (3) of this section.

(c) Staff units generated as enhancements outside the program of basic education to the minimum requirements of RCW 28A.150.260, and staff units generated by skill center and career-technical students, are excluded from the total central office staff units calculation in (a) of this subsection.

(d) For students in approved career-technical and skill center programs, central office classified units are allocated at the same staff unit per student rate as those generated for general education students of the same grade in this subsection (5), and central office administrative staff units are allocated at staff unit per student rates that exceed the general education rate established for students in the same grade in this subsection (5) by 1.71 percent in the 2013-14 school year and 2.00 percent in the 2014-15 school year for career and technical education students, and 21.60 percent in the 2013-14 school year and 15.98 percent in the 2014-15 school year for skill center students.

(6) FRINGE BENEFIT ALLOCATIONS

Fringe benefit allocations shall be calculated at a rate of 18.68 percent in the 2013-14 school year and 18.68 percent in the 2014-15 school year for certificated salary allocations provided under subsections (2), (3), and (5) of this section, and a rate of 20.95 percent in the 2013-14 school year and 20.95 percent in the 2014-15 school year for classified salary allocations provided under subsections (4) and (5) of this section.

(7) INSURANCE BENEFIT ALLOCATIONS

Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504 of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsections (2), (3), and (5) of this section; and

(b) The number of classified staff units determined in subsections (4) and (5) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purposes of distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(8) MATERIALS, SUPPLIES, AND OPERATING COSTS (MSOC) ALLOCATIONS

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Funding is allocated per annual average full-time equivalent student for the materials, supplies, and operating costs (MSOC) incurred by school districts, consistent with the requirements of RCW 28A.150.260.

(a) MSOC funding for general education students are allocated at the following per student rates:

MSOC RATES/STUDENT FTE

MSOC Component	2013-14 SCHOOL YEAR	2014-15 SCHOOL YEAR
Technology	\$77.46	\$82.16
Utilities and Insurance	\$210.46	\$223.23
Curriculum and Textbooks	\$83.17	\$88.21
Other Supplies and Library Materials	\$176.56	\$187.27
Instructional Professional Development for Certificated and Classified Staff	\$12.86	\$13.64
Facilities Maintenance	\$104.27	\$110.59
Security and Central Office	\$72.24	\$76.62
TOTAL BASIC EDUCATION MSOC/STUDENT FTE	\$737.02	\$781.72

(b) Students in approved skill center programs generate per student FTE MSOC allocations of \$1,244.25 for the 2013-14 school year and \$1,262.92 for the 2014-15 school year.

(c) Students in approved exploratory and preparatory career and technical education programs generate a per student MSOC allocation of \$1,399.30 for the 2013-14 school year and \$1,420.29 for the 2014-15 school year.

(d) Students in laboratory science courses generate per student FTE MSOC allocations which equal the per student FTE rate for general education students established in (a) of this subsection.

(9) SUBSTITUTE TEACHER ALLOCATIONS

For the 2013-14 and 2014-15 school years, funding for substitute costs for classroom teachers is based on four (4) funded substitute days per classroom teacher unit generated under subsection (2) of this section, at a daily substitute rate of \$151.86.

(10) ALTERNATIVE LEARNING EXPERIENCE PROGRAM FUNDING

(a) Amounts provided in this section from July 1, 2013, to August 31, 2013, are adjusted to reflect provisions of chapter 34, Laws of 2011 1st sp. sess. (allocation of funding for funding for students enrolled in alternative learning experiences).

(b) Amounts provided in this section beginning September 1, 2013, are adjusted to reflect modifications to alternative learning experience courses in Engrossed Substitute Senate Bill No. 5946 (student educational outcomes).

(c) The superintendent of public instruction shall require all districts receiving general apportionment funding for alternative learning experience (ALE) programs as defined in WAC 392-121-182 to provide separate financial accounting of expenditures for the ALE programs offered in district or with a provider, including but not limited to private companies and

multidistrict cooperatives, as well as accurate, monthly headcount and FTE enrollment claimed for basic education, including separate counts of resident and nonresident students.

(11) VOLUNTARY FULL DAY KINDERGARTEN PROGRAMS

Funding in this section is sufficient to fund voluntary full day kindergarten programs in qualifying high poverty schools, pursuant to RCW 28A.150.220 and 28A.150.315. Each kindergarten student who enrolls for the voluntary full-day program in a qualifying school shall count as one-half of one full-time equivalent student for purpose of making allocations under this section. Funding in this section provides full-day kindergarten programs for 43.75 percent of kindergarten enrollment in the 2013-14 school year and 43.75 percent in the 2014-15 school year, which enhancement is within the program of basic education.

(12) INCREASED INSTRUCTIONAL HOURS FOR GRADES SEVEN THROUGH TWELVE

(a) School districts shall implement the increased instructional hours for the instructional program of basic education required under the provisions of RCW 28A.150.220(2)(a) beginning with the 2014-15 school year, which enhancement is within the program of basic education.

(b) Amounts provided in this section are sufficient to fund increased instructional hours in grades seven through twelve. For the 2014-15 school year, the superintendent shall allocate funding to school districts for increased instructional hours. In calculating the allocations, the superintendent shall assume the following averages: (a) Additional instruction of 2.2222 hours per week per full-time equivalent student in grades seven through twelve in school year 2014-15; (b) the general education average class sizes specified in section 502(2)(c); (c) 36 instructional weeks per year; (d) 900 instructional hours per teacher; and (e) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(13) ADDITIONAL FUNDING FOR SMALL SCHOOL DISTRICTS AND REMOTE AND NECESSARY PLANTS

For small school districts and remote and necessary school plants within any district which have been judged to be remote and necessary by the superintendent of public instruction, additional staff units are provided to ensure a minimum level of staffing support. Additional administrative and certificated instructional staff units provided to districts in this subsection shall be reduced by the general education staff units, excluding career and technical education and skills center enhancement units, otherwise provided in subsections (2) through (5) of this section on a per district basis.

(a) For districts enrolling not more than twenty-five average annual full-time equivalent students in grades K-8, and for small school plants within any school district which have been judged to be remote and necessary by the superintendent of public instruction and enroll not more than twenty-five average annual full-time equivalent students in grades K-8:

(i) For those enrolling no students in grades 7 and 8, 1.76 certificated instructional staff units and 0.24 certificated administrative staff units for enrollment of not more than five students, plus one-twentieth of a certificated instructional staff unit for each additional student enrolled; and

(ii) For those enrolling students in grades 7 or 8, 1.68 certificated instructional staff units and 0.32 certificated administrative staff units for enrollment of not more than five students, plus one-tenth of a certificated instructional staff unit for each additional student enrolled;

(b) For specified enrollments in districts enrolling more than twenty-five but not more than one hundred average annual full-time equivalent students in grades K-8, and for small school plants within any school district which enroll more than twenty-five average

annual full-time equivalent students in grades K-8 and have been judged to be remote and necessary by the superintendent of public instruction:

(i) For enrollment of up to sixty annual average full-time equivalent students in grades K-6, 2.76 certificated instructional staff units and 0.24 certificated administrative staff units; and

(ii) For enrollment of up to twenty annual average full-time equivalent students in grades 7 and 8, 0.92 certificated instructional staff units and 0.08 certificated administrative staff units;

(c) For districts operating no more than two high schools with enrollments of less than three hundred average annual full-time equivalent students, for enrollment in grades 9-12 in each such school, other than alternative schools, except as noted in this subsection:

(i) For remote and necessary schools enrolling students in any grades 9-12 but no more than twenty-five average annual full-time equivalent students in grades K-12, four and one-half certificated instructional staff units and one-quarter of a certificated administrative staff unit;

(ii) For all other small high schools under this subsection, nine certificated instructional staff units and one-half of a certificated administrative staff unit for the first sixty average annual full-time equivalent students, and additional staff units based on a ratio of 0.8732 certificated instructional staff units and 0.1268 certificated administrative staff units per each additional forty-three and one-half average annual full-time equivalent students;

(iii) Districts receiving staff units under this subsection shall add students enrolled in a district alternative high school and any grades nine through twelve alternative learning experience programs with the small high school enrollment for calculations under this subsection;

(d) For each nonhigh school district having an enrollment of more than seventy annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-8 program or a grades 1-8 program, an additional one-half of a certificated instructional staff unit;

(e) For each nonhigh school district having an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-6 program or a grades 1-6 program, an additional one-half of a certificated instructional staff unit;

(f)(i) For enrollments generating certificated staff unit allocations under (a) through (e) of this subsection, one classified staff unit for each 2.94 certificated staff units allocated under such subsections;

(ii) For each nonhigh school district with an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit; and

(g) School districts receiving additional staff units to support small student enrollments and remote and necessary plants under this subsection (12) shall generate additional MSOC allocations consistent with the nonemployee related costs (NERC) allocation formula in place for the 2010-11 school year as provided section 502, chapter 37, Laws of 2010 1st sp. sess. (2010 supplemental budget), adjusted annually for inflation.

(14) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

(15) The superintendent may distribute funding for the following programs outside the basic education formula during fiscal years 2014 and 2015 as follows:

(a) \$605,000 of the general fund--state appropriation for fiscal year 2014 and \$614,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW.

(b) \$436,000 of the general fund--state appropriation for fiscal year 2014 and \$436,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to exceed \$500 per full-time equivalent student enrolled in those programs.

(16) \$214,000 of the general fund--state appropriation for fiscal year 2014 and \$217,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for school district emergencies as certified by the superintendent of public instruction. At the close of the fiscal year the superintendent of public instruction shall report to the office of financial management and the appropriate fiscal committees of the legislature on the allocations provided to districts and the nature of the emergency.

(17) Funding in this section is sufficient to fund a maximum of 1.6 FTE enrollment for skills center students pursuant to chapter 463, Laws of 2007.

(18) Students participating in running start programs may be funded up to a combined maximum enrollment of 1.2 FTE including school district and institution of higher education enrollment. In calculating the combined 1.2 FTE, the office of the superintendent of public instruction may average the participating student's September through June enrollment to account for differences in the start and end dates for courses provided by the high school and higher education institution. Additionally, the office of the superintendent of public instruction, in consultation with the state board for community and technical colleges, the student achievement council, and the education data center, shall annually track and report to the fiscal committees of the legislature on the combined FTE experience of students participating in the running start program, including course load analyses at both the high school and community and technical college system.

(19) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (12) of this section, the following apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection (12) of this section shall be reduced in increments of twenty percent per year.

(20)(a) Indirect cost charges by a school district to approved career and technical education middle and secondary programs shall not exceed 15 percent of the combined basic education and career and technical education program enhancement allocations of state funds. Middle and secondary career and technical education programs are considered separate programs for funding and financial reporting purposes under this section.

(b) Career and technical education program full-time equivalent enrollment shall be reported on the same monthly basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported career and technical education

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program enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support.

NEW SECTION. Sec. 503. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--BASIC EDUCATION EMPLOYEE COMPENSATION

(1) The following calculations determine the salaries used in the state allocations for certificated instructional, certificated administrative, and classified staff units as provided in RCW 28A.150.280 and under section 502 of this act:

(a) Salary allocations for certificated instructional staff units are determined for each district by multiplying the district's certificated instructional total base salary shown on LEAP Document 2 by the district's average staff mix factor for certificated instructional staff in that school year, computed using LEAP document 1; and

(b) Salary allocations for certificated administrative staff units and classified staff units for each district are determined based on the district's certificated administrative and classified salary allocation amounts shown on LEAP Document 2.

(2) For the purposes of this section:

(a) "LEAP Document 1" means the staff mix factors for certificated instructional staff according to education and years of experience, as developed by the legislative evaluation and accountability program committee on June 1, 2013 at 08:06 hours; and

(b) "LEAP Document 2" means the school year salary allocations for certificated administrative staff and classified staff and derived and total base salaries for certificated instructional staff as developed by the legislative evaluation and accountability program committee on June 1, 2013 at 01:29 hours.

(3) Incremental fringe benefit factors are applied to salary adjustments at a rate of 18.04 percent for school year 2013-14 and 18.04 percent for school year 2014-15 for certificated instructional and certificated administrative staff and 17.45 percent for school year 2013-14 and 17.45 percent for the 2014-15 school year for classified staff.

(4)(a) Pursuant to RCW 28A.150.410, the following state-wide salary allocation schedules for certificated instructional staff are established for basic education salary allocations:

Table Of Total Base Salaries For Certificated Instructional Staff For School Year 2013-14

*** Education Experience ***

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90
0	34,048	34,968	35,920	36,875	39,939	41,913	40,820	43,885	45,860
1	34,506	35,439	36,403	37,400	40,496	42,459	41,274	44,370	46,332
2	34,943	35,884	36,859	37,933	41,020	43,004	41,731	44,818	46,802
3	35,393	36,343	37,329	38,437	41,518	43,549	42,164	45,243	47,276
4	35,834	36,826	37,818	38,964	42,064	44,110	42,618	45,718	47,765
5	36,290	37,287	38,288	39,498	42,586	44,673	43,080	46,169	48,256
6	36,759	37,734	38,769	40,039	43,113	45,211	43,552	46,626	48,723
7	37,582	38,572	39,621	40,960	44,079	46,235	44,438	47,556	49,713
8	38,787	39,831	40,905	42,355	45,516	47,751	45,832	48,994	51,228
9		41,135	42,262	43,765	46,999	49,310	47,241	50,477	52,788
10			43,635	45,247	48,524	50,913	48,724	52,003	54,390
11				46,772	50,121	52,557	50,249	53,599	56,034
12				48,249	51,761	54,269	51,835	55,238	57,748
13					53,440	56,024	53,476	56,918	59,501
14					55,128	57,844	55,165	58,716	61,322
15					56,563	59,349	56,599	60,242	62,917
16 or more					57,693	60,535	57,731	61,447	64,174

Table Of Total Base Salaries For Certificated Instructional Staff For School Year 2014-15

*** Education Experience ***

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 OR Ph.D.
0	34,048	34,968	35,920	36,875	39,939	41,913	40,820	43,885	45,860
1	34,506	35,439	36,403	37,400	40,496	42,459	41,274	44,370	46,332
2	34,943	35,884	36,859	37,933	41,020	43,004	41,731	44,818	46,802
3	35,393	36,343	37,329	38,437	41,518	43,549	42,164	45,243	47,276
4	35,834	36,826	37,818	38,964	42,064	44,110	42,618	45,718	47,765
5	36,290	37,287	38,288	39,498	42,586	44,673	43,080	46,169	48,256
6	36,759	37,734	38,769	40,039	43,113	45,211	43,552	46,626	48,723
7	37,582	38,572	39,621	40,960	44,079	46,235	44,438	47,556	49,713
8	38,787	39,831	40,905	42,355	45,516	47,751	45,832	48,994	51,228
9		41,135	42,262	43,765	46,999	49,310	47,241	50,477	52,788
10			43,635	45,247	48,524	50,913	48,724	52,003	54,390
11				46,772	50,121	52,557	50,249	53,599	56,034
12				48,249	51,761	54,269	51,835	55,238	57,748
13					53,440	56,024	53,476	56,918	59,501
14					55,128	57,844	55,165	58,716	61,322
15					56,563	59,349	56,599	60,242	62,917
16 or more					57,693	60,535	57,731	61,447	64,174

(b) As used in this subsection, the column headings "BA+(N)" refer to the number of credits earned since receiving the baccalaureate degree.

(c) For credits earned after the baccalaureate degree but before the masters degree, any credits in excess of forty-five credits may be counted after the masters degree. Thus, as used in this subsection, the column headings "MA+(N)" refer to the total of:

(i) Credits earned since receiving the masters degree; and

(ii) Any credits in excess of forty-five credits that were earned after the baccalaureate degree but before the masters degree.

(5) For the purposes of this section:

(a) "BA" means a baccalaureate degree.

(b) "MA" means a masters degree.

(c) "PHD" means a doctorate degree.

(d) "Years of service" shall be calculated under the same rules adopted by the superintendent of public instruction.

(e) "Credits" means college quarter hour credits and equivalent in-service credits computed in accordance with RCW 28A.415.020 and 28A.415.023.

(6) No more than ninety college quarter-hour credits received by any employee after the baccalaureate degree may be used to determine compensation allocations under the state salary allocation schedule and LEAP documents referenced in this part V, or any replacement schedules and documents, unless:

(a) The employee has a masters degree; or

(b) The credits were used in generating state salary allocations before January 1, 1992.

(7) The salary allocation schedules established in this section are for allocation purposes only except as provided in RCW 28A.400.200(2).

NEW SECTION. Sec. 504. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS

The appropriation in this section is subject to the following conditions and limitations:

(1)(a) Additional salary adjustments as necessary to fund the base salaries for certificated instructional staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act. Allocations for these salary adjustments shall be provided to all districts that are not grandfathered to receive salary allocations

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above the statewide salary allocation schedule, and to certain grandfathered districts to the extent necessary to ensure that salary allocations for districts that are currently grandfathered do not fall below the statewide salary allocation schedule.

(b) Additional salary adjustments to certain districts as necessary to fund the per full-time-equivalent salary allocations for certificated administrative staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act.

(c) Additional salary adjustments to certain districts as necessary to fund the per full-time-equivalent salary allocations for classified staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act.

(d) The appropriations in this subsection (1) include associated incremental fringe benefit allocations at 18.04 percent for the 2013-14 school year and 18.04 percent for the 2014-15 school year for certificated instructional and certificated administrative staff and 17.45 percent for the 2013-14 school year and 17.45 percent for the 2014-15 school year for classified staff.

(e) The appropriations in this section include the increased or decreased portion of salaries and incremental fringe benefits for all relevant state-funded school programs in part V of this act. Changes for general apportionment (basic education) are based on the salary allocation schedules and methodology in sections 502 and 503 of this act. Changes for special education result from changes in each district's basic education allocation per student. Changes for educational service districts and institutional education programs are determined by the superintendent of public instruction using the methodology for general apportionment salaries and benefits in sections 502 and 503 of this act.

(f) The appropriations in this section include no salary adjustments for substitute teachers.

(2) The maintenance rate for insurance benefit allocations is \$768.00 per month for the 2013-14 and 2014-15 school years. The appropriations in this section reflect the incremental change in cost of allocating rates of \$768.00 per month for the 2013-14 school year and \$768.00 per month for the 2014-15 school year.

(3) The rates specified in this section are subject to revision each year by the legislature.

NEW SECTION. Sec. 505. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PUPIL TRANSPORTATION

General Fund--State Appropriation (FY 2014)	\$365,120,000
General Fund--State Appropriation (FY 2015)	\$427,408,000
TOTAL APPROPRIATION	\$792,528,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school district programs for the transportation of students as provided in RCW 28A.160.192. Funding in this section for school year 2014-15 constitutes full implementation of RCW 28A.160.192, which enhancement is within the program of basic education.

(b) From July 1, 2013 to August 31, 2013, the superintendent shall allocate funding to school districts programs for the transportation of students as provided in section 505, chapter 50, Laws of 2011 1st sp. sess., as amended.

(3) A maximum of \$892,000 of this fiscal year 2014 appropriation and a maximum of \$892,000 of the fiscal year 2015 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state

transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(4) The office of the superintendent of public instruction shall provide reimbursement funding to a school district for school bus purchases only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195.

(5) The superintendent of public instruction shall base depreciation payments for school district buses on the pre-sales tax five-year average of lowest bids in the appropriate category of bus. In the final year on the depreciation schedule, the depreciation payment shall be based on the lowest bid in the appropriate bus category for that school year.

(6) Funding levels in this section reflect waivers granted by the state board of education for four-day school weeks as allowed under RCW 28A.305.141.

(7) The office of the superintendent of public instruction shall annually disburse payments for bus depreciation in August.

NEW SECTION. Sec. 506. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL FOOD SERVICE PROGRAMS

General Fund--State Appropriation (FY 2014)	\$7,111,000
General Fund--State Appropriation (FY 2015)	\$7,111,000
General Fund--Federal Appropriation	\$473,326,000
TOTAL APPROPRIATION	\$487,548,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$7,111,000 of the general fund--state appropriation for fiscal year 2014 and \$7,111,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for state matching money for federal child nutrition programs, and may support the meals for kids program through the following allowable uses:

(a) Elimination of breakfast copays for eligible public school students and lunch copays for eligible public school students in grades kindergarten through third grade who are eligible for reduced price lunch;

(b) Assistance to school districts and authorized public and private nonprofit organizations for supporting summer food service programs, and initiating new summer food service programs in low-income areas;

(c) Reimbursements to school districts for school breakfasts served to students eligible for free and reduced price lunch, pursuant to chapter 287, Laws of 2005; and

(d) Assistance to school districts in initiating and expanding school breakfast programs.

The office of the superintendent of public instruction shall report annually to the fiscal committees of the legislature on annual expenditures in (a), (b), and (c) of this subsection.

NEW SECTION. Sec. 507. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2014)	\$702,149,000
General Fund--State Appropriation (FY 2015)	\$738,043,000
General Fund--Federal Appropriation	\$462,022,000
Education Legacy Trust Account--State Appropriation	\$46,151,000
TOTAL APPROPRIATION	\$1,948,365,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their

full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter 28A.155 RCW through the general apportionment allocation, it shall provide services through the special education excess cost allocation funded in this section.

(2)(a) The superintendent of public instruction shall ensure that:

(i) Special education students are basic education students first;

(ii) As a class, special education students are entitled to the full basic education allocation; and

(iii) Special education students are basic education students for the entire school day.

(b) The superintendent of public instruction shall continue to implement the full cost method of excess cost accounting, as designed by the committee and recommended by the superintendent, pursuant to section 501(1)(k), chapter 372, Laws of 2006.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school district programs for special education students as provided in RCW 28A.150.390, except that the calculation of the base allocation also includes allocations for increased instructional hours for grades seven through twelve as provided under section 502(12)(b), which enhancement is within the program of basic education.

(b) From July 1, 2013 to August 31, 2013, the superintendent shall allocate funding to school district programs for special education students as provided in section 507, chapter 50, Laws of 2011 1st sp. sess., as amended.

(5) The following applies throughout this section: The definitions for enrollment and enrollment percent are as specified in RCW 28A.150.390(3). Each district's general fund--state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent.

(6) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with RCW 28A.150.390(3) (c) and (d), and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(7) \$22,263,000 of the general fund--state appropriation for fiscal year 2014, \$34,392,000 of the general fund--state appropriation for fiscal year 2015, and \$29,574,000 of the general fund--federal appropriation are provided solely for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (4) of this section. If the federal safety net awards based on the federal eligibility threshold exceed the federal appropriation in this subsection (7) in any fiscal year, the superintendent shall expend all available federal discretionary funds necessary to meet this need. At the conclusion of each school year, the superintendent shall recover safety net funds that were distributed prospectively but for which districts were not subsequently eligible.

(a) For the 2013-14 and 2014-15 school years, safety net funds shall be awarded by the state safety net oversight committee as provided in section 109(1) chapter 548, Laws of 2009 (ESHB 2261).

(b) The office of the superintendent of public instruction shall make award determinations for state safety net funding in August of each school year. Determinations on school district eligibility for

state safety net awards shall be based on analysis of actual expenditure data from the current school year.

(8) A maximum of \$678,000 may be expended from the general fund--state appropriations to fund 5.43 full-time equivalent teachers and 2.1 full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(9) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high-cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(10) A school district may carry over from one year to the next year up to 10 percent of the general fund--state funds allocated under this program; however, carryover funds shall be expended in the special education program.

(11) \$252,000 of the general fund--state appropriation for fiscal year 2014 and \$252,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for two additional full-time equivalent staff to support the work of the safety net committee and to provide training and support to districts applying for safety net awards.

(12) \$50,000 of the general fund--state appropriation for fiscal year 2014, \$50,000 of the general fund--state appropriation for fiscal year 2015, and \$100,000 of the general fund--federal appropriation shall be expended to support a special education ombudsman program within the office of superintendent of public instruction.

NEW SECTION. Sec. 508. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR EDUCATIONAL SERVICE DISTRICTS

General Fund--State Appropriation (FY 2014)	\$8,143,000
General Fund--State Appropriation (FY 2015)	\$8,151,000
TOTAL APPROPRIATION	\$16,294,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The educational service districts shall continue to furnish financial services required by the superintendent of public instruction and RCW 28A.310.190 (3) and (4).

(2) Funding within this section is provided for regional professional development related to mathematics and science curriculum and instructional strategies. Funding shall be distributed among the educational service districts in the same proportion as distributions in the 2007-2009 biennium. Each educational service district shall use this funding solely for salary and benefits for a certificated instructional staff with expertise in the appropriate subject matter and in professional development delivery, and for travel, materials, and other expenditures related to providing regional professional development support.

(3) The educational service districts, at the request of the state board of education pursuant to RCW 28A.310.010 and 28A.305.130, may receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and submit to the state board of education post-site visit recommendations for school accreditation. The educational service districts may assess a cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

NEW SECTION. Sec. 509. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT ASSISTANCE

General Fund--State Appropriation (FY 2014)	\$311,174,000
General Fund--State Appropriation (FY 2015)	\$335,533,000
TOTAL APPROPRIATION	\$646,707,000

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The appropriations in this section are subject to the following conditions and limitations: For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 4.914 percent from the 2012-13 school year to the 2013-14 school year and 4.914 percent from the 2013-14 school year to the 2014-15 school year.

NEW SECTION. Sec. 510. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR INSTITUTIONAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2014)	\$15,291,000
General Fund--State Appropriation (FY 2015)	\$15,493,000
TOTAL APPROPRIATION	\$30,784,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund--state fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.

(3) State funding for each institutional education program shall be based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.

(4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.

(5) \$1,070,000 of the general fund--state appropriation for fiscal year 2014 and \$1,070,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, programs for juveniles under the juvenile rehabilitation administration, and programs for juveniles operated by city and county jails.

(6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

NEW SECTION. Sec. 511. FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS

General Fund--State Appropriation (FY 2014)	\$9,555,000
General Fund--State Appropriation (FY 2015)	\$9,677,000
TOTAL APPROPRIATION	\$19,232,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school district programs for highly capable students as provided in RCW 28A.150.260(10)(c). In calculating the allocations, the superintendent shall assume the following: (i) Additional instruction of 2.1590 hours per week per funded highly capable program student; (ii) fifteen highly capable program students per teacher; (iii) 36 instructional weeks per year; (iv) 900 instructional hours per teacher; and (v) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts programs for highly capable

students as provided in section 511, chapter 50, Laws of 2011 1st sp. sess., as amended.

(3) \$85,000 of the general fund--state appropriation for fiscal year 2014 and \$85,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the centrum program at Fort Worden state park.

NEW SECTION. Sec. 512. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR MISCELLANEOUS--NO CHILD LEFT BEHIND ACT

General Fund--Federal Appropriation	\$4,052,000
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NEW SECTION. Sec. 513. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--EDUCATION REFORM PROGRAMS

General Fund--State Appropriation (FY 2014)	\$121,840,000
General Fund--State Appropriation (FY 2015)	\$104,524,000
General Fund--Federal Appropriation	\$206,234,000
General Fund--Private/Local Appropriation.....	\$4,002,000
Education Legacy Trust Account--State Appropriation..	\$1,599,000
TOTAL APPROPRIATION	\$438,199,000

The appropriations in this section are subject to the following conditions and limitations:

(1)(a) \$44,575,000 of the general fund--state appropriation for fiscal year 2014, \$27,134,000 of the general fund--state appropriation for fiscal year 2015, \$1,350,000 of the education legacy trust account--state appropriation, and \$15,868,000 of the general fund--federal appropriation are provided solely for development and implementation of the Washington state assessment system, including: (i) Development and implementation of retake assessments for high school students who are not successful in one or more content areas and (ii) development and implementation of alternative assessments or appeals procedures to implement the certificate of academic achievement. The superintendent of public instruction shall report quarterly on the progress on development and implementation of alternative assessments or appeals procedures. Within these amounts, the superintendent of public instruction shall contract for the early return of 10th grade student assessment results, on or around June 10th of each year. State funding to districts shall be limited to one collection of evidence payment per student, per content-area assessment.

(b) The superintendent of public instruction shall modify the statewide student assessment system and implement assessments developed with a multistate consortium beginning in the 2014-15 school year to assess student proficiency on the standards adopted under RCW 28A.655.071 and including the provisions of House Bill No. 1450.

(2) \$356,000 of the general fund--state appropriation for fiscal year 2014 and \$356,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington state leadership and assistance for science education reform (LASER) regional partnership activities coordinated at the Pacific science center, including instructional material purchases, teacher and principal professional development, and school and community engagement events.

(3) \$5,851,000 of the general fund--state appropriation for fiscal year 2014 and \$3,935,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of a new performance-based evaluation for certificated educators and other activities as provided in chapter 235, Laws of 2010 (education reform) and chapter 35, Laws of 2012 (certificated employee evaluations).

(4)(a) \$45,263,000 of the general fund--state appropriation for fiscal year 2014 and \$49,673,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the following bonuses for teachers who hold valid, unexpired

certification from the national board for professional teaching standards and who are teaching in a Washington public school, subject to the following conditions and limitations:

(i) For national board certified teachers, a bonus of \$5,090 per teacher in the 2013-14 and 2014-15 school years;

(ii) An additional \$5,000 annual bonus shall be paid to national board certified teachers who teach in either: (A) High schools where at least 50 percent of student headcount enrollment is eligible for federal free or reduced price lunch, (B) middle schools where at least 60 percent of student headcount enrollment is eligible for federal free or reduced price lunch, or (C) elementary schools where at least 70 percent of student headcount enrollment is eligible for federal free or reduced price lunch;

(iii) The superintendent of public instruction shall adopt rules to ensure that national board certified teachers meet the qualifications for bonuses under (a)(ii) of this subsection for less than one full school year receive bonuses in a pro-rated manner. All bonuses in (a)(i) and (ii) of this subsection will be paid in July of each school year. Bonuses in (a)(i) and (ii) of this subsection shall be reduced by a factor of 40 percent for first year NBPTS certified teachers, to reflect the portion of the instructional school year they are certified; and

(iv) During the 2013-14 and 2014-15 school years, and within available funds, certificated instructional staff who have met the eligibility requirements and have applied for certification from the national board for professional teaching standards may receive a conditional loan of two thousand dollars or the amount set by the office of the superintendent of public instruction to contribute toward the current assessment fee, not including the initial up-front candidacy payment. The fee shall be an advance on the first annual bonus under RCW 28A.405.415. The conditional loan is provided in addition to compensation received under a district's salary schedule and shall not be included in calculations of a district's average salary and associated salary limitation under RCW 28A.400.200. Recipients who fail to receive certification after three years are required to repay the conditional loan. The office of the superintendent of public instruction shall adopt rules to define the terms for initial grant of the assessment fee and repayment, including applicable fees. To the extent necessary, the superintendent may use revenues from the repayment of conditional loan scholarships to ensure payment of all national board bonus payments required by this section in each school year.

(5) \$477,000 of the general fund--state appropriation for fiscal year 2014 and \$477,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(6) \$950,000 of the general fund--state appropriation for fiscal year 2014 and \$950,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington reading corps. The superintendent shall allocate reading corps members to low-performing schools and school districts that are implementing comprehensive, proven, research-based reading programs. Two or more schools may combine their Washington reading corps programs.

(7) \$810,000 of the general fund--state appropriation for fiscal year 2014 and \$810,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the development of a leadership academy for school principals and administrators. The superintendent of public instruction shall contract with an independent organization to operate a state-of-the-art education leadership academy that will be accessible throughout the state. Semiannually the independent organization shall report on amounts committed by foundations and others to support the development and implementation of this program. Leadership academy partners shall include the state level organizations for school administrators

and principals, the superintendent of public instruction, the professional educator standards board, and others as the independent organization shall identify.

(8) \$2,000,000 of the general fund--state appropriation for fiscal year 2014 and \$2,000,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a statewide information technology (IT) academy program. This public-private partnership will provide educational software, as well as IT certification and software training opportunities for students and staff in public schools.

(9) \$1,277,000 of the general fund--state appropriation for fiscal year 2014 and \$1,277,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for secondary career and technical education grants pursuant to chapter 170, Laws of 2008. If equally matched by private donations, \$300,000 of the 2014 appropriation and \$300,000 of the 2015 appropriation shall be used to support FIRST robotics programs. Of the amounts in this subsection, \$100,000 of the fiscal year 2014 appropriation and \$100,000 of the fiscal year 2015 appropriation are provided solely for the purpose of statewide supervision activities for career and technical education student leadership organizations.

(10) \$125,000 of the general fund--state appropriation for fiscal year 2014 and \$125,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for (a) staff at the office of the superintendent of public instruction to coordinate and promote efforts to develop integrated math, science, technology, and engineering programs in schools and districts across the state; and (b) grants of \$2,500 to provide twenty middle and high school teachers each year with professional development training for implementing integrated math, science, technology, and engineering programs in their schools.

(11) \$135,000 of the general fund--state appropriation for fiscal year 2014 and \$135,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for science, technology, engineering and mathematics lighthouse projects, consistent with chapter 238, Laws of 2010.

(12) \$1,000,000 of the general fund--state appropriation for fiscal year 2014 and \$1,000,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a beginning educator support program. School districts and/or regional consortia may apply for grant funding. The superintendent shall implement this program in 5 to 15 school districts and/or regional consortia. The program provided by a district and/or regional consortia shall include: A paid orientation; assignment of a qualified mentor; development of a professional growth plan for each beginning teacher aligned with professional certification; release time for mentors and new teachers to work together; and teacher observation time with accomplished peers. \$250,000 may be used to provide statewide professional development opportunities for mentors and beginning educators.

(13) \$250,000 of the general fund--state appropriation for fiscal year 2014 and \$250,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for advanced project lead the way courses at ten high schools. To be eligible for funding in 2014, a high school must have offered a foundational project lead the way course during the 2012-13 school year. The 2014 funding must be used for one-time start-up course costs for an advanced project lead the way course, to be offered to students beginning in the 2013-14 school year. To be eligible for funding in 2015, a high school must have offered a foundational project lead the way course during the 2013-14 school year. The 2015 funding must be used for one-time start-up course costs for an advanced project lead the way course, to be offered to students beginning in the 2014-15 school year. The office of the superintendent of public instruction and the education research and data center at the office of financial management shall track student participation and long-term outcome data.

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(14) \$300,000 of the general fund--state appropriation for fiscal year 2014 and \$300,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for annual start-up grants for aerospace and manufacturing technical programs housed at four skill centers. The grants are provided for start-up equipment and curriculum purchases. To be eligible for funding, the skill center must agree to provide regional high schools with access to a technology laboratory, expand manufacturing certificate and course offerings at the skill center, and provide a laboratory space for local high school teachers to engage in professional development in the instruction of courses leading to student employment certification in the aerospace and manufacturing industries. Once a skill center receives a start-up grant, it is ineligible for additional start-up funding in the following school year. The office of the superintendent of public instruction shall administer the grants in consultation with the center for excellence for aerospace and advanced materials manufacturing.

(15) \$150,000 of the general fund--state appropriation for fiscal year 2014 and \$150,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for annual start-up grants to six high schools to implement the aerospace assembler program. Participating high schools must agree to offer the aerospace assembler training program to students by spring semester of school year 2013-14. Once a high school receives a start-up grant, it is ineligible for additional start-up funding in the following school year. The office of the superintendent of public instruction and the education research and data center at the office of financial management shall track student participation and long-term outcome data.

(16) \$10,000,000 of the general fund--state appropriation for fiscal year 2014 and \$5,000,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the provision of training for teachers in the performance-based teacher principal evaluation program. Of the amounts appropriated in this subsection, \$5,000,000 for fiscal year 2014 is a one-time appropriation.

(17) \$3,600,000 of the general fund--state appropriation for fiscal year 2014 and \$6,681,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5329 (persistently failing schools). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(18) \$100,000 of the general fund--state appropriation for fiscal year 2014 and \$100,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to promote the financial literacy of students. The effort will be coordinated through the financial literacy public-private partnership.

(19) \$109,000 of the general fund--state appropriation for fiscal year 2014 and \$99,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the office of the superintendent of public instruction to implement a youth dropout prevention program that incorporates partnerships between community-based organizations, schools, food banks and farms or gardens. The office of the superintendent of public instruction shall select one school district that must partner with an organization that is operating an existing similar program and that also has the ability to serve at least 40 students. Of the amount appropriated in this subsection, up to \$10,000 may be used by the office of the superintendent of public instruction for administration of the program.

(20) \$2,399,000 of the general fund--state appropriation for fiscal year 2014 and \$2,035,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to implement Engrossed Substitute Senate Bill No. 5946 (strengthening student

educational outcomes). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(21) \$1,110,000 of the general fund--state appropriation for fiscal year 2014 and \$1,061,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for chapter 184, Laws of 2013 (Second Substitute House Bill No. 1642) (academic acceleration). Of the amount appropriated in this section, forty-nine thousand is provided as one-time funding.

NEW SECTION. Sec. 514. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL BILINGUAL PROGRAMS

General Fund--State Appropriation (FY 2014)	\$95,500,000
General Fund--State Appropriation (FY 2015)	\$106,120,000
General Fund--Federal Appropriation	\$71,016,000
TOTAL APPROPRIATION	\$272,636,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school districts for transitional bilingual programs under RCW 28A.180.010 through 28A.180.080, including programs for exited students, as provided in RCW 28A.150.260(10)(b) and the provisions of this section. In calculating the allocations, the superintendent shall assume the following averages: (i) Additional instruction of 4.7780 hours per week per transitional bilingual program student in grades kindergarten through twelve in school years 2013-14 and 2014-15; (ii) additional instruction of 3.0000 hours per week in school year 2013-14 for the head count number of students who have exited the transitional bilingual instruction program within the previous school year based on their performance on the English proficiency assessment; (iii) additional instruction of 3.0000 hours per week in school year 2014-15 for the head count number of students who have exited the transitional bilingual instruction program within the previous two years based on their performance on the English proficiency assessment; (iv) fifteen transitional bilingual program students per teacher; (v) 36 instructional weeks per year; (vi) 900 instructional hours per teacher; and (vii) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts for transitional bilingual instruction programs as provided in section 514, chapter 50, Laws of 2011 1st sp. sess., as amended.

(3) The superintendent may withhold allocations to school districts in subsection (2) of this section solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2) up to the following amounts: 1.76 percent for school year 2013-14 and 1.59 percent for school year 2014-15.

(4) The general fund--federal appropriation in this section is for migrant education under Title I Part C and English language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.

(5) \$35,000 of the general fund--state appropriation for fiscal year 2014 and \$35,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to track current and former transitional bilingual program students.

NEW SECTION. Sec. 515. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2014)	\$196,356,000
General Fund--State Appropriation (FY 2015)	\$218,335,000
General Fund--Federal Appropriation	\$448,434,000

TOTAL APPROPRIATION\$863,125,000

(End of part)

The appropriations in this section are subject to the following conditions and limitations:

(1) The general fund--state appropriations in this section are subject to the following conditions and limitations:

(a) The appropriations include such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b)(i) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school districts for learning assistance programs as provided in RCW 28A.150.260(10)(a), except that the allocation for the additional instructional hours shall be enhanced as provided in this section, which enhancements are within the program of the basic education. In calculating the allocations, the superintendent shall assume the following averages: (A) Additional instruction of 2.3975 hours per week per funded learning assistance program student for the 2013-14 school year and the 2014-15 school year; (B) fifteen learning assistance program students per teacher; (C) 36 instructional weeks per year; (D) 900 instructional hours per teacher; and (E) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(ii) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts for learning assistance programs as provided in section 515, chapter 50, Laws of 2011 1st sp. sess., as amended.

(c) A school district's funded students for the learning assistance program shall be the sum of the district's full-time equivalent enrollment in grades K-12 for the prior school year multiplied by the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch in the prior school year.

(2) Allocations made pursuant to subsection (1) of this section shall be adjusted to reflect ineligible applications identified through the annual income verification process required by the national school lunch program, as recommended in the report of the state auditor on the learning assistance program dated February, 2010.

(3) The general fund--federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.

(4) A school district may carry over from one year to the next up to 10 percent of the general fund--state funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.

NEW SECTION. Sec. 516. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

(1) Amounts distributed to districts by the superintendent through part V of this act are for allocations purposes only, unless specified by part V of this act, and do not entitle a particular district, district employee, or student to a specific service, beyond what has been expressly provided in statute. Part V of this act restates the requirements of various sections of Title 28A RCW. If any conflict exists, the provisions of Title 28A RCW control unless this act explicitly states that it is providing an enhancement. Any amounts provided in part V of this act in excess of the amounts required by Title 28A RCW provided in statute, are not within the program of basic education unless clearly stated by this act.

(2) To the maximum extent practicable, when adopting new or revised rules or policies relating to the administration of allocations in part V of this act that result in fiscal impact, the office of the superintendent of public instruction shall attempt to seek legislative approval through the budget request process.

(3) Appropriations made in this act to the office of the superintendent of public instruction shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act.

**PART VI
HIGHER EDUCATION**

NEW SECTION. Sec. 601. The appropriations in sections 605 through 611 of this act are subject to the following conditions and limitations:

(1) "Institutions" means the institutions of higher education receiving appropriations under sections 605 through 611 of this act.

(2) The legislature, the office of financial management, and other state agencies need consistent and accurate personnel data from institutions of higher education for policy planning purposes. Institutions of higher education shall report personnel data to the department of personnel for inclusion in the department's data warehouse. Uniform reporting procedures shall be established by the office of financial management's office of the state human resources director for use by the reporting institutions, including provisions for common job classifications and common definitions of full-time equivalent staff. Annual contract amounts, number of contract months, and funding sources shall be consistently reported for employees under contract.

(3) In addition to waivers granted under the authority of RCW 28B.15.910, the governing boards and the state board may waive all or a portion of operating fees for any student. State general fund appropriations shall not be provided to replace tuition and fee revenue foregone as a result of waivers granted under this subsection.

(4)(a) For institutions receiving appropriations in section 605 of this act, the only allowable salary increases provided are those with normally occurring promotions and increases related to faculty and staff retention, except as provided in section 604(4) of this act. In fiscal year 2014 and fiscal year 2015, the state board for community and technical colleges may use salary and benefit savings from faculty turnover to provide salary increments and associated benefits for faculty who qualify through professional development and training.

(b) For employees under the jurisdiction of chapter 41.56 RCW, salary increases will be in accordance with the applicable collective bargaining agreement. However, an increase shall not be provided to any classified employee whose salary is above the approved salary range maximum for the class to which the employee's position is allocated.

(c) For each institution of higher education receiving appropriations under sections 606 through 611 of this act:

(i) The only allowable salary increases are those associated with normally occurring promotions and increases related to faculty and staff retention; and

(ii) Institutions may provide salary increases from other sources to instructional and research faculty at the universities and The Evergreen State College, exempt professional staff, teaching and research assistants, as classified by the office of financial management, and all other nonclassified staff, but not including employees under chapter 41.80 RCW. Any salary increase granted under the authority of this subsection (4)(c)(ii) shall not be included in an institution's salary base for future state funding. It is the intent of the legislature that state general fund support for an institution shall not increase during the current or any future biennium as a result of any salary increases authorized under this subsection (4)(c)(ii).

NEW SECTION. Sec. 602. (1) Within the amounts appropriated in this act, each institution of higher education is expected to enroll and educate at least the following numbers of full-time equivalent state-supported students per academic year:

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	2013-14 Annual Average	2014-15 Annual Average
University of Washington	37,162	37,162
Washington State University	22,228	22,228
Central Washington University	9,105	9,105
Eastern Washington University	8,734	8,734
The Evergreen State College	4,335	4,335
Western Washington University	12,710	12,710
State Board for Community & Technical Colleges		
Adult Students	139,237	139,237
Running Start Students	11,558	11,558

(2) In achieving or exceeding these enrollment targets, each institution shall seek to:

(a) Maintain and to the extent possible increase enrollment opportunities at branch campuses;

(b) Maintain and to the extent possible increase enrollment opportunities at university centers and other partnership programs that enable students to earn baccalaureate degrees on community college campuses; and

(c) Eliminate and consolidate programs of study for which there is limited student or employer demand, or that are not areas of core academic strength for the institution, particularly when such programs duplicate offerings by other in-state institutions.

(3) For purposes of monitoring and reporting statewide enrollment, the University of Washington and Washington State University shall notify the office of financial management of the number of full-time student equivalent enrollments budgeted for each of their campuses.

NEW SECTION. Sec. 603. PUBLIC BACCALAUREATE INSTITUTIONS

(1) In order to operate within the state funds appropriated in this act, the governing boards of the state research universities, the state regional universities, and The Evergreen State College are authorized to adopt and adjust tuition and fees for the 2013-14 and 2014-15 academic years as provided in this section.

(2) For the purposes of chapter 28B.15 RCW, the omnibus appropriations act assumes no increase of tuition levels for resident undergraduate students over the amounts charged to resident undergraduate students for the prior year.

(3) Appropriations in sections 606 through 611 of this act are sufficient to maintain resident undergraduate tuition levels at the levels charged to resident undergraduate students during the 2012-13 academic year. As a result, for the 2013-14 academic year, the institutions of higher education shall not adopt resident undergraduate tuition levels that are greater than the tuition levels assumed in subsection (2) of this section. For the 2014-15 academic year, the institutions of higher education are authorized to adopt tuition levels for resident undergraduate students that are less than, equal to, or greater than tuition levels assumed in the omnibus appropriations act in subsection (2) of this section. However, to the extent that tuition levels exceed the tuition levels assumed in subsection (2) of this section, the institution of higher education

shall be subject to the conditions and limitations provided in RCW 28B.15.102.

(4) Each governing board is authorized to increase tuition charges to graduate and professional students, and to nonresident undergraduate students, by amounts judged reasonable and necessary by the governing board.

(5) Each governing board is authorized to increase summer quarter or semester tuition fees for resident and nonresident undergraduate, graduate, and professional students pursuant to RCW 28B.15.067.

(6) Each governing board is authorized to adopt or increase charges for fee-based, self-sustaining degree programs, credit courses, noncredit workshops and courses, and special contract courses by amounts judged reasonable and necessary by the governing board.

(7) Each governing board is authorized to adopt or increase services and activities fees for all categories of students as provided in RCW 28B.15.069.

(8) Each governing board is authorized to adopt or increase technology fees as provided in RCW 28B.15.069.

(9) Each governing board is authorized to adopt or increase special course and lab fees, and health and counseling fees, to the extent necessary to cover the reasonable and necessary exceptional cost of the course or service.

(10) Each governing board is authorized to adopt or increase administrative fees such as, but not limited to, those charged for application, matriculation, special testing, and transcripts by amounts judged reasonable and necessary by the governing board.

(11) The state universities, the regional universities, and The Evergreen State College must accept the transfer of college-level courses taken by running start students if a student seeking a transfer of the college-level courses has been admitted to the state university, the regional university, or The Evergreen State College, and if the college-level courses are recognized as transferrable by the admitting institution of higher education.

(12) Appropriations in sections 606 through 611 of this act are sufficient to implement 2013-2015 collective bargaining agreements at institutions of higher education negotiated under chapter 41.80 RCW. The institutions may also use these funds for any other purpose including restoring prior compensation reductions, increasing compensation, and implementing other collective bargaining agreements.

NEW SECTION. Sec. 604. STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

(1) In order to operate within the state funds appropriated in this act, the state board is authorized to adopt and adjust tuition and fees for the 2013-14 and 2014-15 academic years as provided in this section.

(2) For the purposes of chapter 28B.15 RCW, appropriations in the omnibus appropriations act assumes no increase in tuition levels for resident undergraduate students over the amounts charged to resident undergraduate students for the prior year. For the 2014-15 academic year, the state board is authorized to adopt tuition levels for resident undergraduate students that are less than, equal to, or greater than tuition levels assumed in the omnibus appropriations act in this subsection. However, to the extent that tuition levels exceed the tuition levels assumed in this subsection, the state board shall retain an additional one percent of operating fees above what is already retained pursuant to RCW 28B.15.031 for the purposes of RCW 28B.15.820. For the 2013-2015 fiscal biennium, when expending this additional retained amount, the community and technical colleges are subject to the conditions and limitations in RCW 28B.15.102.

(3) For the 2013-14 and 2014-15 academic years, the state board may increase tuition fees charged to resident undergraduates

enrolled in upper division applied baccalaureate programs as specified in subsection (2) of this section.

(4) Appropriations in section 605 include the restoration of the three percent reduction in compensation costs taken in the 2011-2013 fiscal biennium. This funding is sufficient to implement 2013-2015 collective bargaining agreements at institutions of higher education negotiated under chapter 41.80 RCW. The colleges may also use the restored funds for any other purpose including restoring prior compensation reductions, increasing compensation, and implementing other collective bargaining agreements.

(5) The state board may increase the tuition fees charged to nonresident students by amounts judged reasonable and necessary by the board.

(6) The trustees of the technical colleges are authorized to either (a) increase operating fees by no more than the percentage increases authorized for community colleges by the state board; or (b) fully adopt the tuition fee charge schedule adopted by the state board for community colleges.

(7) For academic years 2013-14 and 2014-15, the trustees of the technical colleges are authorized to increase building fees by an amount judged reasonable in order to progress toward parity with the building fees charged students attending the community colleges.

(8) The state board is authorized to increase the maximum allowable services and activities fees as provided in RCW 28B.15.069. The trustees of the community and technical colleges are authorized to increase services and activities fees up to the maximum level authorized by the state board.

(9) The trustees of the community and technical colleges are authorized to adopt or increase charges for fee-based, self-sustaining programs such as summer session, international student contracts, and special contract courses by amounts judged reasonable and necessary by the trustees.

(10) The trustees of the community and technical colleges are authorized to adopt or increase special course and lab fees to the extent necessary to cover the reasonable and necessary exceptional cost of the course or service.

(11) The trustees of the community and technical colleges are authorized to adopt or increase administrative fees such as but not limited to those charged for application, matriculation, special testing, and transcripts by amounts judged reasonable and necessary by the trustees.

NEW SECTION. Sec. 605. FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

General Fund--State Appropriation (FY 2014)	\$570,262,000
General Fund--State Appropriation (FY 2015)	\$568,999,000
Community/Technical College Capital Projects	
Account--State Appropriation.....	\$17,548,000
Education Legacy Trust Account--State	
Appropriation	\$95,373,000
TOTAL APPROPRIATION	\$1,252,182,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$33,261,000 of the general fund--state appropriation for fiscal year 2014 and \$33,261,000 of the general fund--state appropriation for fiscal year 2015 are provided solely as special funds for training and related support services, including financial aid, as specified in RCW 28C.04.390. Funding is provided to support at least 7,170 full-time equivalent students in fiscal year 2014 and at least 7,170 full-time equivalent students in fiscal year 2015.

(2) \$5,450,000 of the education legacy trust account--state appropriation is provided solely for administration and customized training contracts through the job skills program. The state board shall make an annual report by January 1st of each year to the

governor and to the appropriate policy and fiscal committees of the legislature regarding implementation of this section, listing the scope of grant awards, the distribution of funds by educational sector and region of the state, and the results of the partnerships supported by these funds.

(3) \$100,000 of the general fund--state appropriation for fiscal year 2014 and \$100,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the aerospace center of excellence currently hosted by Everett community college to:

(a) Increase statewide communications and outreach between industry sectors, industry organizations, businesses, K-12 schools, colleges, and universities;

(b) Enhance information technology to increase business and student accessibility and use of the center's web site; and

(c) Act as the information entry point for prospective students and job seekers regarding education, training, and employment in the industry.

(4) \$181,000 of the general fund--state appropriation for fiscal year 2014 and \$181,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the opportunity center for employment and education internet technology integration project at north Seattle community college.

(5) \$255,000 of the general fund--state appropriation for fiscal year 2014 and \$255,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of a maritime industries training program at south Seattle community college.

(6) \$5,250,000 of the general fund--state appropriation for fiscal year 2014 and \$5,250,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the student achievement initiative.

(7) \$500,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for implementation of Second Substitute Senate Bill No. 5624 (STEM or career and tech ed). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(8) Community and technical colleges are not required to send mass mailings of course catalogs to residents of their districts. Community and technical colleges shall consider lower cost alternatives, such as mailing postcards or brochures that direct individuals to online information and other ways of acquiring print catalogs.

(9) The state board for community and technical colleges shall not use funds appropriated in this section to support intercollegiate athletics programs.

NEW SECTION. Sec. 606. FOR THE UNIVERSITY OF WASHINGTON

General Fund--State Appropriation (FY 2014)	\$246,897,000
General Fund--State Appropriation (FY 2015)	\$245,200,000
Geoduck Aquaculture Research Account--State	
Appropriation	\$300,000
Education Legacy Trust Account--State Appropriation	\$13,998,000
Economic Development Strategic Reserve Account--	
State Appropriation	\$3,000,000
Biotoxin Account--State Appropriation.....	\$390,000
Accident Account--State Appropriation	\$6,741,000
Medical Aid Account--State Appropriation	\$6,546,000
Aquatic Land Enhancement Account--State Appropriation.....	
.....	\$700,000
State Toxics Control Account--State Appropriation.....	\$1,120,000
TOTAL APPROPRIATION	\$524,892,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$300,000 of the geoduck aquaculture research account--state appropriation is provided solely for the University of Washington sea grant program to commission scientific research

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studies that examine possible negative and positive effects, including the cumulative effects and the economic contribution, of evolving shellfish aquaculture techniques and practices on Washington's economy and marine ecosystems. The research conducted for the studies is not intended to be a basis for an increase in the number of shellfish harvesting permits available and should be coordinated with any research efforts related to ocean acidification. The University of Washington must submit an annual report detailing any findings and outline the progress of the study, consistent with RCW 43.01.036, to the appropriate legislative committees by December 1st of each year.

(2) \$52,000 of the general fund--state appropriation for fiscal year 2014 and \$52,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the center for international trade in forest products in the college of forest resources.

(3) \$4,459,000 of the general fund--state appropriation for fiscal year 2014 and \$4,459,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year, including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

(4) \$3,000,000 of the general fund--state appropriation for fiscal year 2014 and \$3,000,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for creation of a clean energy institute. The institute shall integrate physical sciences and engineering with a research focus on energy storage and solar energy.

(5) \$3,000,000 of the economic development strategic reserve account appropriation is provided solely to support the joint center for aerospace innovation technology.

(6) Within existing resources the University of Washington may: (a) Form and implement an integrated innovation institute and research, planning, and outreach initiatives at the Olympic national resources center; and (b) accredit a four-year undergraduate forestry program from the society of American foresters. Accreditation may occur in conjunction with reaccreditation of the master of forest resources program.

(7) \$700,000 of the aquatic lands enhancement account--state appropriation and \$1,120,000 of the state toxics control account--state appropriation are provided solely for the center on ocean acidification and related work necessary to implement the recommendations of the governor's blue ribbon task force on ocean acidification. The university shall provide staffing for this purpose.

(8) The University of Washington shall not use funds appropriated in this section to support intercollegiate athletics programs.

NEW SECTION. Sec. 607. FOR WASHINGTON STATE UNIVERSITY

General Fund--State Appropriation (FY 2014)	\$156,616,000
General Fund--State Appropriation (FY 2015)	\$157,701,000
Education Legacy Trust Account--State Appropriation	
.....	\$33,995,000
TOTAL APPROPRIATION	\$348,312,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Within existing resources, Washington State University shall establish an accredited forestry program.

(2) \$2,856,000 of the general fund--state appropriation for fiscal year 2014 and \$2,857,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year, including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

(3) \$25,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the Ruckelshaus center to collaborate with local governments, the media, and representatives of the public regarding public record requests made to local government. The center shall facilitate meetings and discussions and report to the appropriate committees of the legislature. The report shall include information on:

- (a) Recommendations related to balancing open public records with concerns of local governments related to interfering with the work of the local government;
- (b) Resources necessary to accommodate requests;
- (c) Potential harassment of government employees;
- (d) Potential safety concerns of people named in the record;
- (e) Potentially assisting criminal activity; and
- (f) Other issues brought forward by the participants.

The center shall report to the appropriate committees of the legislature by December 15, 2013.

(4) \$300,000 of the general fund--state appropriation for fiscal year 2014 and \$300,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington State University agricultural research center to conduct public outreach and education related to nonlethal methods of mitigating conflicts between livestock and large wild carnivores. Of the amounts provided in this subsection, \$200,000 of the general fund--state appropriation for fiscal year 2014 and \$200,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to the center to conduct a detailed analysis of such methods. The amounts appropriated in this subsection may not be subject to an administrative fee or charge, and must be used for costs directly associated with the research and analysis.

(5) \$2,400,000 of the general fund--state appropriation for fiscal year 2014 and \$3,600,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for expansion of medical education and biomedical research in Spokane.

(6) Washington State University shall not use funds appropriated in this section to support intercollegiate athletic programs.

NEW SECTION. Sec. 608. FOR EASTERN WASHINGTON UNIVERSITY

General Fund--State Appropriation (FY 2014)	\$31,674,000
General Fund--State Appropriation (FY 2015)	\$31,619,000
Education Legacy Trust Account--State Appropriation	
.....	\$15,470,000
TOTAL APPROPRIATION	\$78,763,000

The appropriations in this section are subject to the following conditions and limitations:

(1) At least \$200,000 of the general fund--state appropriation for fiscal year 2014 and at least \$200,000 of the general fund--state

appropriation for fiscal year 2015 shall be expended on the Northwest autism center.

(2) Eastern Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

NEW SECTION. Sec. 609. FOR CENTRAL WASHINGTON UNIVERSITY

General Fund--State Appropriation (FY 2014)	\$29,719,000
General Fund--State Appropriation (FY 2015)	\$29,533,000
Education Legacy Trust Account--State Appropriation	\$19,076,000
TOTAL APPROPRIATION	\$78,328,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$25,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the college of education to conduct a study identifying the duties encompassed in a state-funded teacher's typical work day. The study must include an estimate of the percent of a teacher's typical day that is spent on teaching related duties and the percentage of the teacher's day that is spent on duties that are not directly related to teaching. The university shall submit a report to the appropriate committees of the legislature by December 1, 2013.

(2) Amounts appropriated in this section are sufficient for the university to develop a plan to create an online degree granting entity that awards degrees based on an alternative credit model. The university shall submit a final plan by December 1, 2013, to the higher education committees of the legislature.

(3) Central Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

NEW SECTION. Sec. 610. FOR THE EVERGREEN STATE COLLEGE

General Fund--State Appropriation (FY 2014)	\$18,563,000
General Fund--State Appropriation (FY 2015)	\$17,911,000
Education Legacy Trust Account--State Appropriation ..	\$5,450,000
TOTAL APPROPRIATION	\$41,924,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$77,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for Washington state institute for public policy to examine cases with extraordinary costs within the foster care system managed by the children's administration of the department of social and health services. This audit will examine the highest cost foster children to determine if the child's care could be provided in a more cost-effective manner and whether the cost for these placements is consistent across similarly acute children.

(2) \$85,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the Washington state institute for public policy to conduct an empirical study of the validity and reliability of the safety assessment tool currently used in child welfare cases by the children's administration of the department of social and health services. In conducting this study, the institute must identify: (a) Whether other empirically based child welfare safety assessment tools exist and, if so, compare those tools to the tool used by the children's administration; (b) whether other factors or combination of factors not included in the current safety assessment tool should be included to help predict real outcomes; and (c) where possible, whether there is unnecessary duplication in the application of the family assessment tool used by the department. A report on the study is due to the appropriate policy committees of the legislature by December 15, 2013.

(3) \$100,000 of the general fund--state appropriation for fiscal year 2014 and \$50,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington state institute for public policy to conduct a comprehensive retrospective

outcome evaluation and return on investment analysis of the early learning childhood program pursuant to Senate Bill No. 5904 (high quality early learning). This evaluation is due December 15, 2014. If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(4) \$50,000 of the general fund--state appropriation for fiscal year 2014 and \$50,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington state institute for public policy to develop a risk assessment instrument for patients committed for involuntary treatment in Washington state.

(5) \$58,000 of the general fund--state appropriation for fiscal year 2014 and \$27,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington state institute for public policy to prepare an inventory of evidence-based and research-based effective practices, activities, and programs for use by school districts in the learning assistance program pursuant to Engrossed Second Substitute Senate Bill No. 5946 (student educational outcomes). The initial inventory is due by August 1, 2014, and shall be updated every two years thereafter. If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(6) \$50,000 of the general fund--state appropriation for fiscal year 2014 are provided solely for the Washington state institute for public policy to provide expertise to the department of corrections on the implementation of programming that follows the risk needs responsivity model. In consultation with the department of corrections, the institute will systematically review selected programs for outcome measures.

(7) Funding provided in this section is sufficient for The Evergreen State College to continue operations of the Longhouse Center and the Northwest Indian applied research institute.

(8) \$166,000 of the general fund--state appropriation for fiscal year 2014 and \$84,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the Washington state institute for public policy to provide primary staff support for a K-12 funding task force established in this subsection.

(a) The task force shall be composed of the following members:

(i) Two members from each of the largest caucuses of the house of representatives, appointed by the speaker of the house of representatives;

(ii) Two members from each of the largest caucuses of the senate, appointed by the president of the senate;

(iii) The superintendent of public instruction or designee; and

(iv) Three members appointed by the governor.

(b) The task force shall be chaired or cochaired by legislative members selected by members of the task force.

(c) The purpose of the task force is to examine options and make recommendations to the legislature on the following topics:

(i) Revised salary allocation methodologies and models for administrative, classified, and certificated instructional staff in public schools. The salary allocation model for certificated instructional staff must address regional salary differentials;

(ii) Policies and funding to support career and technical education, including:

(A) A revised funding allocation methodology for career and technical education for middle schools, comprehensive high schools, and skill centers through the prototypical school funding formula;

(B) Recommended capital facilities policies related to the siting of skill center campuses, including skill centers colocated on comprehensive high school and higher education campuses; and

(C) The feasibility of establishing technical high schools as an alternative delivery model for integrated secondary career and academic education; and

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(iii) The appropriate use of state and local property taxes to support the financing of public schools, modifications to property tax growth limitations, and strategies for improving the stability and transparency of such use.

(d) The task force shall submit an interim report to the education and fiscal committees of the legislature by December 1, 2013, and a final report by December 1, 2014.

(e) Additional staff support for the task force shall be provided as needed by the house office of program research, the senate committee services, and the office of financial management.

(9) Notwithstanding other provisions in this section, the board of directors for the Washington state institute for public policy may adjust due dates for projects included on the institute's 2013-2015 work plan as necessary to efficiently manage workload.

(10) The Evergreen State College shall not use funds appropriated in this section to support intercollegiate athletics programs.

NEW SECTION. Sec. 611. FOR WESTERN WASHINGTON UNIVERSITY

General Fund--State Appropriation (FY 2014)	\$44,542,000
General Fund--State Appropriation (FY 2015)	\$44,377,000
Education Legacy Trust Account--State Appropriation	\$13,050,000
TOTAL APPROPRIATION	\$101,969,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,497,000 of the general fund--state appropriation for fiscal year 2014 and \$1,498,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year, including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

(2) Western Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

NEW SECTION. Sec. 612. FOR THE STUDENT ACHIEVEMENT COUNCIL--POLICY COORDINATION AND ADMINISTRATION

General Fund--State Appropriation (FY 2014)	\$5,307,000
General Fund--State Appropriation (FY 2015)	\$5,318,000
General Fund--Federal Appropriation	\$4,817,000
TOTAL APPROPRIATION	\$15,442,000

The appropriations in this section are subject to the following conditions and limitations: The student achievement council is authorized to increase or establish fees for initial degree authorization, degree authorization renewal, degree authorization reapplication, new program applications, and new site applications pursuant to RCW 28B.85.060.

NEW SECTION. Sec. 613. FOR THE STUDENT ACHIEVEMENT COUNCIL--OFFICE OF STUDENT FINANCIAL ASSISTANCE

General Fund--State Appropriation (FY 2014)	\$245,122,000
General Fund--State Appropriation (FY 2015)	\$244,674,000
General Fund--Federal Appropriation	\$11,648,000
General Fund--Private/Local Appropriation	\$34,000
Education Legacy Trust Account--State Appropriation	

.....	\$36,036,000
Washington Opportunity Pathways Account--State Appropriation	\$147,000,000
TOTAL APPROPRIATION	\$684,514,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$237,454,000 of the general fund--state appropriation for fiscal year 2014, \$237,455,000 of the general fund--state appropriation, and \$147,000,000 of the Washington opportunity pathways account--state appropriation are provided solely for student financial aid payments under the state need grant and state work study programs including up to four percent administrative allowance for the state work study program.

(2) Changes made to the state need grant program in the 2011-2013 fiscal biennium are continued in the 2013-2015 fiscal biennium including aligning increases in awards given to private institutions with the annual tuition increases for public research institutions or the private institution's average annual tuition increase experience of 3.5 percent per year, whichever is less, and reducing the awards for students who first enrolled as a new student in for-profit institutions as of the 2011-2012 academic year or thereafter by fifty percent, except that one-half of the fifty percent reduction shall be restored on July 1, 2013, for students attending regionally accredited for-profit institutions.

(3) Changes made to the state work study program in the 2009-2011 and 2011-2013 fiscal biennia are continued in the 2013-2015 fiscal biennium including maintaining the increased required employer share of wages; adjusted employer match rates; discontinuation of nonresident student eligibility for the program; and revising distribution methods to institutions by taking into consideration other factors such as off-campus job development, historical utilization trends, and student need.

(4) Within the funds appropriated in this section, eligibility for the state need grant shall include students with family incomes at or below 70 percent of the state median family income (MFI), adjusted for family size, and shall include students enrolled in three to five credit-bearing quarter credits, or the equivalent semester credits. Awards for all students shall be adjusted by the estimated amount by which Pell grant increases exceed projected increases in the noninstructional costs of attendance. Awards for students with incomes between 51 and 70 percent of the state median shall be prorated at the following percentages of the award amount granted to those with incomes below 51 percent of the MFI: 70 percent for students with family incomes between 51 and 55 percent MFI; 65 percent for students with family incomes between 56 and 60 percent MFI; 60 percent for students with family incomes between 61 and 65 percent MFI; and 50 percent for students with family incomes between 66 and 70 percent MFI.

(5) Students who are eligible for the college bound scholarship shall be given priority for the state need grant program if the students have applied by the institution's priority financial aid deadline and have completed their financial aid file in a timely manner. These eligible college bound students whose family incomes are in the 0-65 median family income ranges shall be awarded the maximum state need grant for which they are eligible under state policies and may not be denied maximum state need grant funding due to institutional policies or delayed awarding of college bound scholarship students.

(6) \$36,036,000 of the education legacy trust account--state appropriation is provided solely for the college bound scholarship program. This amount assumes that college bound scholarship recipients will receive priority for state need grant awards in fiscal year 2014 and fiscal year 2015. If this policy of prioritization is not fully achieved, it is the intent of this legislation to provide

supplemental appropriations in the 2014 supplemental operating budget.

(7) \$2,236,000 of the general fund--state appropriation for fiscal year 2014 and \$2,236,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the passport to college program. The maximum scholarship award shall be \$5,000. The board shall contract with a nonprofit organization to provide support services to increase student completion in their postsecondary program and shall, under this contract, provide a minimum of \$500,000 in fiscal years 2014 and 2015 for this purpose.

(8) In developing the skilled and educated workforce report pursuant to RCW 28B.77.080(3), the council shall use the bureau of labor statistics analysis of the education and training requirements of occupations, in addition to any other method the council may choose to use, to assess the number and type of higher education and training credentials required to match employer demand for a skilled and educated workforce.

NEW SECTION. Sec. 614. FOR THE WORK FORCE TRAINING AND EDUCATION COORDINATING BOARD

General Fund--State Appropriation (FY 2014)	\$1,582,000
General Fund--State Appropriation (FY 2015)	\$1,478,000
General Fund--Federal Appropriation	\$54,260,000
TOTAL APPROPRIATION	\$57,320,000

The appropriations in this section are subject to the following conditions and limitations: For the 2013-2015 fiscal biennium the board shall not designate recipients of the Washington award for vocational excellence or recognize them at award ceremonies as provided in RCW 28C.04.535.

NEW SECTION. Sec. 615. FOR THE DEPARTMENT OF EARLY LEARNING

General Fund--State Appropriation (FY 2014)	\$34,253,000
General Fund--State Appropriation (FY 2015)	\$48,689,000
General Fund--Federal Appropriation	\$293,652,000
Opportunity Pathways Account--State Appropriation...	\$80,000,000
Home Visiting Services Account--State Appropriation ..	\$2,868,000
Home Visiting Services Account--Federal Appropriation .....	.....
.....	\$22,756,000
Children's Trust Account--State Appropriation	\$180,000
TOTAL APPROPRIATION	\$482,398,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$20,229,000 of the general fund--state appropriation for fiscal year 2014, \$36,474,000 of the general fund--state appropriation for fiscal year 2015, and \$80,000,000 of the opportunity pathways account appropriation are provided solely for the early childhood education assistance program services. Of these amounts, \$10,284,000 is a portion of the biennial amount of state maintenance of effort dollars required to receive federal child care and development fund grant dollars.

(2) \$638,000 of the general fund--state appropriation for fiscal year 2014, and \$638,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for child care resource and referral network services.

(3) \$200,000 of the general fund--state appropriation for fiscal year 2014 and \$200,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to develop and provide culturally relevant supports for parents, family, and other caregivers.

(4) The department is the lead agency for and recipient of the federal child care and development fund grant. Amounts within this grant shall be used to fund child care licensing, quality initiatives, agency administration, and other costs associated with child care subsidies. The department shall transfer a portion of this grant to the department of social and health services to fund the child care subsidies paid by the department of social and health services on behalf of the department of early learning.

(5) \$1,434,000 of the general fund--state appropriation for fiscal year 2014, \$1,434,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for expenditure into the home visiting services account. This funding is intended to meet federal maintenance of effort requirements and to secure private matching funds.

(6)(a) \$153,717,000 of the general fund--federal appropriation is provided solely for the working connections child care program under RCW 43.215.135.

(b) In addition to groups that were given prioritized access to the working connections child care program effective March 1, 2011, the department shall also give prioritized access into the program to families in which a parent of a child in care is a minor who is not living with a parent or guardian and who is a full-time student in a high school that has a school-sponsored on-site child care center.

(7) Within available amounts, the department in consultation with the office of financial management and the department of social and health services shall report quarterly enrollments and active caseload for the working connections child care program to the legislative fiscal committees and the legislative-executive WorkFirst oversight task force. The report shall also identify the number of cases participating in both temporary assistance for needy families and working connections child care.

(8) \$1,025,000 of the general fund--state appropriation for fiscal year 2014, \$1,025,000 of the general fund--state appropriation for fiscal year 2015, and \$13,424,000 of the general fund--federal appropriation are provided solely for the seasonal child care program. If federal sequestration cuts are realized, cuts to the seasonal child care program must be proportional to other federal reductions made within the department.

(9) \$3,572,000 of the general fund--state appropriation for fiscal year 2014, \$2,522,000 of the general fund--state appropriation for fiscal year 2015, and \$4,304,000 of the general fund--federal appropriation are provided solely for the medicaid treatment child care (MTCC) program. The department shall contract for MTCC services to provide therapeutic child care and other specialized treatment services to abused, neglected, at-risk, and/or drug-affected children. Priority for services shall be given to children referred from the department of social and health services children's administration. In addition to referrals made by children's administration, the department shall authorize services for children referred to the MTCC program, as long as the children meet the eligibility requirements as outlined in the Washington state plan for the MTCC program.

(a) Of the amounts appropriated in this subsection, \$60,000 per fiscal year may be used by the department for administering the MTCC program, if needed.

(b) Of the amounts provided in this subsection, \$1,050,000 of the general fund--state appropriation for fiscal year 2014 is provided solely to continue providing services in the event of losing federal funding for the MTCC program. To the extent that the moneys provided in this subsection (9)(b) are not necessary for this purpose, the amounts provided shall lapse.

(10) \$150,000 of the general fund--state appropriation for fiscal year 2014 and \$150,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a contract with a nonprofit entity experienced in the provision of promoting early literacy for children through pediatric office visits.

(11) \$721,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for the department to complete development work of the electronic benefits transfer system.

(12) \$793,000 of the general fund--state appropriation for fiscal year 2014 and \$796,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for implementation of an electronic benefits transfer system. To the maximum extent possible, the department shall work to integrate this system with the

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department of social and health services payment system. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(13) \$32,000 of the general fund--state appropriation for fiscal year 2014 is provided solely for implementation of Second Substitute Senate Bill No. 5595 (child care reform). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(14)(a)(i) The department of early learning is required to provide to the education research and data center, housed at the office of financial management, data on all state-funded early childhood programs. These programs include the early support for infants and toddlers, early childhood education and assistance program (ECEAP), and the working connections and seasonal subsidized childcare programs including license exempt facilities or family, friend, and neighbor care. The data provided by the department to the education research data center must include information on children who participate in these programs, including their name and date of birth, and dates the child received services at a particular facility.

(ii) The ECEAP early learning professionals must enter qualifications into the department's professional development registry during the 2013-14 school year. By October 2015, the department must provide ECEAP early learning professional data to the education research data center.

(iii) The department must request federally funded head start programs to voluntarily provide data to the department and the education research data center that is equivalent to what is being provided for state-funded programs.

(iv) The education research and data center must provide a report on early childhood program participation and K-12 outcomes to the house of representatives appropriations committee and the senate ways and means committee using available data by November 2013 for the school year ending in 2012 and again in March 2014 for the school year ending in 2013.

(b) The department, in consultation with the department of social and health services, must withhold payment for services to early childhood programs that do not report on the name, date of birth, and the dates a child received services at a particular facility.

NEW SECTION. Sec. 616. FOR THE STATE SCHOOL FOR THE BLIND

General Fund--State Appropriation (FY 2014)	\$6,032,000
General Fund--State Appropriation (FY 2015)	\$5,805,000
General Fund--Private/Local Appropriation.....	\$15,000
TOTAL APPROPRIATION	\$11,852,000

NEW SECTION. Sec. 617. FOR THE WASHINGTON STATE CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS

General Fund--State Appropriation (FY 2014)	\$8,615,000
General Fund--State Appropriation (FY 2015)	\$8,591,000
TOTAL APPROPRIATION	\$17,206,000

NEW SECTION. Sec. 618. FOR THE WASHINGTON STATE ARTS COMMISSION

General Fund--State Appropriation (FY 2014)	\$1,125,000
General Fund--State Appropriation (FY 2015)	\$1,101,000
General Fund--Federal Appropriation	\$2,074,000
General Fund--Private/Local Appropriation.....	\$12,000
TOTAL APPROPRIATION	\$4,312,000

NEW SECTION. Sec. 619. FOR THE WASHINGTON STATE HISTORICAL SOCIETY

General Fund--State Appropriation (FY 2014)	\$2,123,000
General Fund--State Appropriation (FY 2015)	\$2,150,000
TOTAL APPROPRIATION	\$4,273,000

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NEW SECTION. Sec. 620. FOR THE EASTERN WASHINGTON STATE HISTORICAL SOCIETY

General Fund--State Appropriation (FY 2014)	\$1,600,000
General Fund--State Appropriation (FY 2015)	\$1,530,000
TOTAL APPROPRIATION	\$3,130,000

(End of part)

**PART VII
SPECIAL APPROPRIATIONS**

NEW SECTION. Sec. 701. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR DEBT SUBJECT TO THE DEBT LIMIT

General Fund--State Appropriation (FY 2014)	\$741,362,000
General Fund--State Appropriation (FY 2015)	\$1,060,322,000
State Building Construction Account--State Appropriation	\$4,297,000
Columbia River Basin Water Supply Development Account--State Appropriation.....	\$269,000
State Taxable Building Construction Account--State Appropriation	\$211,000
Debt-Limit Reimbursable Bond Retire Account--State Appropriation	\$2,320,000
TOTAL APPROPRIATION	\$1,808,781,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriations are for expenditure into the debt-limit general fund bond retirement account. The entire general fund--state appropriation for fiscal year 2014 shall be expended into the debt-limit general fund bond retirement account by June 30, 2014.

NEW SECTION. Sec. 702. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED BY ENTERPRISE ACTIVITIES

Accident Account--State Appropriation	\$4,138,000
Medical Aid Account--State Appropriation	\$4,138,000
TOTAL APPROPRIATION	\$8,276,000

NEW SECTION. Sec. 703. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED AS PRESCRIBED BY STATUTE

General Fund--State Appropriation (FY 2014)	\$25,636,000
General Fund--State Appropriation (FY 2015)	\$16,102,000
Nondebt-Limit Reimbursable Bond Retirement Account--State Appropriation	\$140,215,000
TOTAL APPROPRIATION	\$181,953,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriation is for expenditure into the nondebt-limit general fund bond retirement account. The entire general fund--state appropriation for fiscal year 2014 shall be expended into the nondebt-limit general fund bond retirement account by June 30, 2014.

NEW SECTION. Sec. 704. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES

General Fund--State Appropriation (FY 2014)	\$1,726,000
General Fund--State Appropriation (FY 2015)	\$1,726,000
State Building Construction Account--State Appropriation	\$867,000
Columbia River Basin Water Supply Development	

Account--State Appropriation.....	\$57,000
State Taxable Building Construction Account--State	
Appropriation	\$45,000
TOTAL APPROPRIATION	\$4,421,000

NEW SECTION. Sec. 705. FOR THE OFFICE OF FINANCIAL MANAGEMENT--FIRE CONTINGENCY

General Fund--State Appropriation (FY 2014)	\$4,000,000
General Fund--State Appropriation (FY 2015)	\$4,000,000
TOTAL APPROPRIATION	\$8,000,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the disaster response account to be used for any Washington state fire service resource mobilization costs incurred by the Washington state patrol in response to an emergency or disaster authorized under RCW 43.43.960 and 43.43.964.

NEW SECTION. Sec. 706. FOR THE OFFICE OF FINANCIAL MANAGEMENT--DISASTER RESPONSE ACCOUNT

General Fund--State Appropriation (FY 2014)	\$5,100,000
General Fund--State Appropriation (FY 2015)	\$2,500,000
TOTAL APPROPRIATION	\$7,600,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the disaster response account for emergency fire suppression by the department of natural resources and to complete projects necessary to recover from previously declared disasters.

NEW SECTION. Sec. 707. FOR THE OFFICE OF FINANCIAL MANAGEMENT--EMERGENCY FUND

General Fund--State Appropriation (FY 2014)	\$850,000
General Fund--State Appropriation (FY 2015)	\$850,000
TOTAL APPROPRIATION	\$1,700,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are for the governor's emergency fund for the critically necessary work of any agency.

NEW SECTION. Sec. 708. FOR THE OFFICE OF FINANCIAL MANAGEMENT--EDUCATION TECHNOLOGY REVOLVING ACCOUNT

General Fund--State Appropriation (FY 2014)	\$8,000,000
General Fund--State Appropriation (FY 2015)	\$8,000,000
TOTAL APPROPRIATION	\$16,000,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the education technology revolving account for the purpose of covering ongoing operational and equipment replacement costs incurred by the K-20 educational network program in providing telecommunication services to network participants.

NEW SECTION. Sec. 709. FOR THE OFFICE OF FINANCIAL MANAGEMENT--O'BRIEN BUILDING IMPROVEMENT

General Fund--State Appropriation (FY 2014)	\$2,948,000
General Fund--State Appropriation (FY 2015)	\$2,942,000
TOTAL APPROPRIATION	\$5,890,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the enterprise services account for payment of principal, interest, and financing expenses associated with the certificate of participation for the O'Brien building improvement, project number 20081007.

NEW SECTION. Sec. 710. FOR THE STATE TREASURER--COUNTY PUBLIC HEALTH ASSISTANCE

General Fund--State Appropriation (FY 2014)	\$36,386,000
General Fund--State Appropriation (FY 2015)	\$36,386,000
TOTAL APPROPRIATION	\$72,772,000

The appropriations in this section are subject to the following conditions and limitations: The state treasurer shall distribute the appropriations to the following counties and health districts in the amounts designated to support public health services, including public health nursing:

Health District	FY 2014	FY 2015	2013-15 Biennium
Adams County Health District	\$121,213	\$121,213	\$242,426
Asotin County Health District	\$159,890	\$159,890	\$319,780
Benton-Franklin Health District	\$1,614,337	\$1,614,337	\$3,228,674
Chelan-Douglas Health District	\$399,634	\$399,634	\$799,268
Clallam County Health and Human Services Department	\$291,401	\$291,401	\$582,802
Clark County Health District	\$1,767,341	\$1,767,341	\$3,534,682
Skamania County Health Department	\$111,327	\$111,327	\$222,654
Columbia County Health District	\$119,991	\$119,991	\$239,982
Cowlitz County Health Department	\$477,981	\$477,981	\$955,962
Garfield County Health District	\$93,154	\$93,154	\$186,308
Grant County Health District	\$297,761	\$297,762	\$595,523
Grays Harbor Health Department	\$335,666	\$335,666	\$671,332
Island County Health Department	\$255,224	\$225,224	\$510,448
Jefferson County Health and Human Services	\$184,080	\$184,080	\$368,160
Seattle-King County Department of Public Health	\$10,558,59	\$10,558,59	\$21,117,19
Bremerton-Kitsap County Health District	\$997,476	\$997,476	\$1,994,952
Kittitas County Health Department	\$198,979	\$198,979	\$397,958
Klickitat County Health Department	\$153,784	\$153,784	\$307,568
Lewis County Health Department	\$263,134	\$263,134	\$526,268
Lincoln County Health Department	\$113,917	\$113,917	\$227,834
Mason County Department of Health Services	\$227,448	\$227,448	\$454,896
Okanogan County Health District	\$169,882	\$169,882	\$339,764
Pacific County Health Department	\$169,075	\$169,075	\$338,150
Tacoma-Pierce County Health Department	\$4,143,169	\$4,143,169	\$8,286,338
San Juan County Health and	\$2,253,493	\$2,253,493	\$4,506,986

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Community Services

Skagit County Health Department	\$449,745	\$449,745	\$899,490
Snohomish Health District	\$3,433,291	\$3,433,291	\$6,866,582
Spokane County Health District	\$2,877,318	\$2,877,318	\$5,574,636
Northeast Tri-County Health District	\$249,303	\$249,303	\$498,606
Thurston County Health Department	\$1,046,897	\$1,046,897	\$2,093,794
Wahkiakum County Health Department	\$93,181	\$9,180	\$186,361
Walla Walla County-City Health Department	\$302,173	\$302,173	\$604,346
Whatcom County Health Department	\$1,214,301	\$1,214,301	\$2,428,602
Whitman County Health Department	\$189,355	\$189,355	\$378,710
Yakima Health District	\$1,052,482	\$1,052,482	\$2,104,964
TOTAL	\$36,386,00	\$36,386,00	\$72,772,00
APPROPRIATIONS	1	1	2

NEW SECTION. Sec. 711. BELATED CLAIMS

The agencies and institutions of the state may expend moneys appropriated in this act, upon approval of the office of financial management, for the payment of supplies and services furnished to the agency or institution in prior fiscal biennia.

NEW SECTION. Sec. 712. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--CONTRIBUTIONS TO RETIREMENT SYSTEMS

The appropriations in this section are subject to the following conditions and limitations: The appropriations for the law enforcement officers' and firefighters' retirement system shall be made on a monthly basis consistent with chapter 41.45 RCW, and the appropriations for the judges and judicial retirement systems shall be made on a quarterly basis consistent with chapters 2.10 and 2.12 RCW.

(1) There is appropriated for state contributions to the law enforcement officers' and firefighters' retirement system:

General Fund--State Appropriation (FY 2014)	\$58,700,000
General Fund--State Appropriation (FY 2015)	\$61,600,000
TOTAL APPROPRIATION	\$120,300,000

(2) There is appropriated for contributions to the judicial retirement system:

General Fund--State Appropriation (FY 2014)	\$10,600,000
General Fund--State Appropriation (FY 2015)	\$10,600,000
TOTAL APPROPRIATION	\$21,200,000

NEW SECTION. Sec. 713. FOR THE OFFICE OF FINANCIAL MANAGEMENT--STATE EFFICIENCY AND RESTRUCTURING REPAYMENT

General Fund--State Appropriation (FY 2014)	\$4,981,000
General Fund--State Appropriation (FY 2015)	\$4,981,000
TOTAL APPROPRIATION	\$9,962,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the cleanup settlement account

on July 1, 2013, and July 1, 2014, as repayment of moneys that were transferred to the state efficiency and restructuring account.

NEW SECTION. Sec. 714. FOR THE OFFICE OF FINANCIAL MANAGEMENT--LEAN MANAGEMENT STRATEGIES EFFICIENCY SAVINGS

General Fund--State Appropriation (FY 2015) (\$30,000,000)

The appropriation in this section is subject to the following conditions and limitations:

(1) The legislature is committed to promoting a state government culture that makes sustained improvement a habitual behavior from front-line staff to agency leadership.

(2) The office of financial management must develop a strategic lean management action plan to drive efficiencies in state spending and to increase productivity of state employees while improving and increasing state services for taxpayers. The action plan must determine the specific agencies and programs that would benefit most from application of the action plan, and the plan must target resources accordingly.

(3) The office of financial management must integrate lean principles into all performance management efforts.

(4) The office of financial management and the office of the chief information officer must integrate lean principles into all major information technology initiatives.

(5) The office of financial management must develop and implement a lean practitioner fellowship program to train state agency staff. Agency staff participating in the fellowship will be assigned to work on statewide efforts that streamline and improve processes across agencies.

(6) Agencies must report to the office of financial management at least twice per fiscal year process improvements and efficiencies gained through tools such as the lean strategy. The office of financial management must compile and transmit these reports to the appropriate fiscal committees of the legislature at least every six months, beginning January 1, 2014.

(7) The office of financial management must report to the legislature by December 2014 on the viability of the lean/performance management program becoming a self-funding program.

(8) The office of financial management must reduce allotments for affected state agencies by \$30,000,000 from the state general fund for fiscal year 2015 in this act to reflect fiscal year 2015 savings resulting from application of the lean management and performance management strategies required by this section.

NEW SECTION. Sec. 715. FOR THE OFFICE OF FINANCIAL MANAGEMENT--INFORMATION TECHNOLOGY EXPENDITURES

General Fund--State Appropriation (FY 2014)	(\$2,500,000)
General Fund--State Appropriation (FY 2015)	(\$2,500,000)
TOTAL APPROPRIATION	(\$5,000,000)

The appropriations in this section are subject to the following conditions and limitations:

(1) The office of the chief information officer and the office of financial management shall work to drive efficiency in state procurement, maintenance, and operations of information technology.

(2) Agencies must report to the office of the chief information officer and the office of financial management at least annually on efficiencies gained through these efforts. The office of financial management must compile and transmit these reports to the appropriate fiscal committees of the legislature at least every year, beginning January 1, 2014.

(3) The office of financial management shall reduce allotments for all affected state agencies by \$2,500,000 from fiscal year 2014 general fund--state appropriations and \$2,500,000 from fiscal year 2015 general fund--state appropriations in this act to reflect savings

resulting from efficiencies in information technology expenditures statewide.

NEW SECTION. Sec. 716. FOR THE OFFICE OF THE INSURANCE COMMISSIONER--HEALTH BENEFIT EXCHANGE ACCOUNT

General Fund--State Appropriation (FY 2014)\$676,000

The appropriations in this section are subject to the following conditions and limitations: The amounts in this section are provided solely for expenditure into the health benefit exchange account--state and are provided as a loan to be repaid with amounts from the health benefit exchange account--state by July 30, 2015.

NEW SECTION. Sec. 717. FOR THE OFFICE OF FINANCIAL MANAGEMENT--COMMUNICATION SERVICES REFORM

General Fund--State Appropriation (FY 2014)\$47,000

General Fund--State Appropriation (FY 2015)\$4,953,000

TOTAL APPROPRIATION\$5,000,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the universal communications services fund to implement Substitute House Bill No. 1971 (communications services). If the bill is not enacted by June 30, 2013, the appropriations provided in this section shall lapse.

NEW SECTION. Sec. 718. FOR THE OFFICE OF FINANCIAL MANAGEMENT--AGENCY EFFICIENCIES

General Fund--State Appropriation (FY 2014) (\$2,500,000)

General Fund--State Appropriation (FY 2015) (\$2,500,000)

TOTAL APPROPRIATION (\$5,000,000)

The appropriations in this section are subject to the following conditions and limitations: The office of financial management shall reduce allotments for all agencies by \$2,500,000 from fiscal year 2014 general fund--state appropriations and \$2,500,000 from fiscal year 2015 general fund--state appropriations in this act to reflect (1) available fund balances in dedicated revolving funds used for central services to state agencies and (2) more efficient delivery of consolidated central services to state agencies.

NEW SECTION. Sec. 719. FOR THE LEGISLATIVE TASK FORCE ON CAREER EDUCATION OPPORTUNITIES

(1) The legislature finds that for too long, there has been a perception that career readiness and college readiness represent two separate and unequal tracks. The importance of providing high quality opportunities for applied learning, work-integrated learning, cross-disciplinary curriculum, career exploration and planning, and career and technical equivalence often appears subsumed by an emphasis on theoretical academics. The legislature intends to create a vision for the integration of career education alongside academic education.

(2)(a) A legislative task force on career education opportunities is established with the following members:

(i) Two members from each of the largest caucuses of the house of representatives, appointed by the speaker of the house of representatives;

(ii) Two members from each of the largest caucuses of the senate, appointed by the president of the senate;

(iii) The superintendent of public instruction or a designee;

(iv) One representative each from the workforce training and education coordinating board, state board of education, the student achievement council, and the Washington association of career and technical education; and

(v) One member appointed by the governor.

(b) The task force shall be cochaired by one house and one senate member, selected by the members of the task force.

(3) The purpose of the task force is to identify strategies for how education that supports career readiness, including but not limited to career and technical education, may be better integrated into

secondary education opportunities for all students. The strategies to be considered by the task force include state laws and policies, graduation requirements, and state funding for instructional programs. The task force must examine the barriers, incentives and disincentives, costs, and cost-effectiveness of current policies and practices.

(4) The office of the superintendent of public instruction shall identify a recommended list of course equivalencies for career and technical education courses and submit the list to the task force under this section by October 1, 2013.

(5) The task force shall examine at least the following:

(a) An analysis of the career and college ready graduation requirements proposed by the state board of education and any recommendations regarding graduation requirements;

(b) Options for expanding career education and career exploration and planning into middle school;

(c) Options for increasing student and parent awareness of the multiple education and career pathways available for students;

(d) Strategies for enhancing and supporting work-integrated learning opportunities for students;

(e) Recommended policies that both support and provide appropriate state oversight and strategic planning for career and technical education offered in middle schools, comprehensive high schools, and skill centers; and

(f) Recommendations for how to maximize statewide use of the list of career and technical education course equivalencies identified by the office of the superintendent of public instruction.

(6) A preliminary report from the task force is due December 15, 2013, to include initial analysis and a plan for completion of the final report. A final report is due September 1, 2014.

(7) The task force shall coordinate its analysis and recommendations with other studies of career and technical education delivery models and financing, including financing of capital facilities.

(8) Staff support for the task force must be provided by senate committee services and the house of representatives office of program research, with assistance from the office of the superintendent of public instruction, the student achievement council, and the workforce training and education coordinating board as necessary.

(9) Legislative members of the task force may be reimbursed for travel expenses in accordance with RCW 44.04.120. The expenses of the task force must be paid jointly by the senate and the house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee.

NEW SECTION. Sec. 720. FOR THE OFFICE OF FINANCIAL MANAGEMENT--FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT SAVINGS AND OTHER HEALTH CARE SAVINGS

General Fund--State Appropriation (FY 2015) (\$10,000,000)

The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation in this section is provided solely to reduce appropriations or allocations in this budget related to providing health benefits to reflect savings that may be achieved through greater efficiencies and/or coordinating publicly provided health insurance benefits with the federal patient protection and affordable care act programs. The office of financial management shall work with other agencies to prepare a plan that identifies savings under this subsection (1) and reduces allotments or allocations accordingly to achieve any savings identified in the plan.

(2) To facilitate the transfer of moneys to agencies from dedicated other funds and accounts, the state treasurer shall transfer sufficient moneys from dedicated funds or accounts from which savings are achieved in accordance with schedules developed by the

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office of financial management consistent with the savings identified under subsection (1) of this section. The office shall reduce allotments for all agencies to reflect these savings.

(End of part)

**PART VIII
OTHER TRANSFERS AND APPROPRIATIONS**

**NEW SECTION. Sec. 801. FOR THE STATE
TREASURER--STATE REVENUES FOR DISTRIBUTION**

General Fund Appropriation for fire insurance premium distributions	\$8,248,000
General Fund Appropriation for public utility district excise tax distributions	\$50,894,000
General Fund Appropriation for prosecuting attorney distributions.....	\$6,068,000
General Fund Appropriation for boating safety and education distributions.....	\$4,000,000
General Fund Appropriation for other tax distributions	\$65,000
General Fund Appropriation for habitat conservation program distributions	\$3,000,000
Death Investigations Account Appropriation for distribution to counties for publicly funded autopsies	\$3,158,000
Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution	\$146,000
Timber Tax Distribution Account Appropriation for distribution to "timber" counties	\$72,120,000
County Criminal Justice Assistance Appropriation.....	\$78,983,000
Municipal Criminal Justice Assistance Appropriation.....	\$30,550,000
City-County Assistance Account Appropriation for local government financial assistance distribution	\$17,134,000
Liquor Excise Tax Account Appropriation for liquor excise tax distribution.....	\$24,744,000
Streamlined Sales and Use Tax Mitigation Account Appropriation for distribution to local taxing jurisdictions to mitigate the unintended revenue redistribution effect of the sourcing law changes	\$50,488,000
Columbia River Water Delivery Account Appropriation for the Confederated Tribes of the Colville Reservation.....	\$7,760,000
Columbia River Water Delivery Account Appropriation for the Spokane Tribe of Indians	\$5,025,000
Liquor Revolving Account Appropriation for liquor profits distribution	\$98,876,000
TOTAL APPROPRIATION	\$434,259,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

**NEW SECTION. Sec. 802. FOR THE STATE
TREASURER--FOR THE COUNTY CRIMINAL JUSTICE ASSISTANCE ACCOUNT**

Impaired Driver Safety Account Appropriation	\$2,469,000
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The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2013-2015 fiscal biennium in accordance with RCW 82.14.310. This funding is provided to counties for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209,

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Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

**NEW SECTION. Sec. 803. FOR THE STATE
TREASURER--MUNICIPAL CRIMINAL JUSTICE ASSISTANCE ACCOUNT**

Impaired Driver Safety Account Appropriation	\$1,646,000
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The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2013-2015 fiscal biennium to all cities ratably based on population as last determined by the office of financial management. The distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), shall be made to the county in which the city is located. This funding is provided to cities for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

**NEW SECTION. Sec. 804. FOR THE STATE
TREASURER--FEDERAL REVENUES FOR DISTRIBUTION**

General Fund Appropriation for federal flood control funds distribution.....	\$66,000
General Fund Appropriation for federal grazing fees distribution	\$1,706,000
Forest Reserve Fund Appropriation for federal forest reserve fund distribution.....	\$5,636,000
TOTAL APPROPRIATION	\$7,408,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

**NEW SECTION. Sec. 805. FOR THE STATE
TREASURER--TRANSFERS**

State Treasurer's Service Account: For transfer to the state general fund, \$10,100,000 for fiscal year 2014 and \$10,100,000 for fiscal year 2015	\$20,200,000
Drinking Water Assistance Account: For transfer to the drinking water assistance repayment account ...	\$32,000,000
General Fund: For transfer to the streamlined sales and use tax account, \$25,284,000 for fiscal year 2014 and \$25,204,000 for fiscal year 2015	\$50,488,000
Public Works Assistance Account: For transfer to the education legacy trust account, \$138,622,000 for fiscal year 2014 and \$138,622,000 for fiscal year 2015	\$277,244,000
Local Toxics Control Account: For transfer to the state general fund, \$9,000,000 for fiscal year 2014 and \$9,000,000 for fiscal year 2015	\$18,000,000
State Taxable Building Construction Account: For transfer to the Columbia River basin taxable bond water supply development account, an amount not to exceed.....	\$32,000,000
Employment Training Finance Account: For transfer to the state general fund, \$1,000,000 for fiscal year	

2014 and \$1,000,000 for fiscal year 2015	\$2,000,000
Tuition Recovery Trust Account: For transfer to the state general fund, \$1,250,000 for fiscal year 2014 and \$1,250,000 for fiscal year 2015	\$2,500,000
General Fund: For transfer to the child and family reinvestment account, \$3,800,000 for fiscal year 2014 and \$2,691,000 for fiscal year 2015	\$6,491,000
Flood Control Assistance Account: For transfer to the state general fund, \$1,000,000 for fiscal year 2014 and \$1,000,000 for fiscal year 2015	\$2,000,000
Tobacco Settlement Account: For transfer to the state general fund, in an amount not to exceed the actual amount of the annual base payment to the tobacco settlement account	\$157,221,000
Tobacco Settlement Account: For transfer to the state general fund from the amounts deposited in the account that are attributable to the annual strategic contribution payment received in fiscal year 2014	\$17,000,000
Tobacco Settlement Account: For transfer to the state general fund from the amounts deposited in the account that are attributable to the annual strategic contribution payment received in fiscal year 2015	\$17,000,000
Tobacco Settlement Account: For transfer to the life sciences discovery fund, in an amount not to exceed the actual remaining amount of the annual strategic contribution payment to the tobacco settlement account for fiscal year 2014	\$9,515,000
Tobacco Settlement Account: For transfer to the life sciences discovery fund, in an amount not to exceed the actual remaining amount of the annual strategic contribution payment to the tobacco settlement account for fiscal year 2015	\$9,515,000

The transfer to the life sciences discovery fund is subject to the following conditions:

- (1) The life sciences discovery fund authority board of trustees shall begin preparing to become a self-sustaining entity capable of operating without direct state subsidy by the time the tobacco strategic contribution supplemental payments end in fiscal year 2017.
- (2) \$250,000 of the appropriation in fiscal year 2014 and \$250,000 of the appropriation in fiscal year 2015 are provided solely to promote the development and delivery of global health technologies and products.
 - (a) The life sciences discovery fund authority must either administer a grant application, review, and reward process, or contract with a qualified nonprofit organization for these services. State moneys must be provided for grants to entities for the development, production, promotion, and delivery of global health technologies and products. Grant award criteria must include:
 - (i) The quality of the proposed research or the proposed technical assistance in product development or production process design. Any grant funds awarded for research activities must be awarded for nonbasic research that will assist in the commercialization or manufacture of global health technologies;
 - (ii) The potential for the grant recipient to improve global health outcomes;
 - (iii) The potential for the grant to leverage additional funding for the development of global health technologies and products;
 - (iv) The potential for the grant to stimulate, or promote technical skills training for, employment in the development of global health technologies in the state; and
 - (v) The willingness of the grant recipient, when appropriate, to enter into royalty or licensing income agreements with the authority.

(b) The authority, or the contractor of the authority, must report information including the types of products and research funded, the funding leveraged by the grants, and the number and types of jobs created as a result of the grants, to the economic development committees of the legislature by December 1, 2014.	
Aquatic Lands Enhancement Account: For transfer to the geoduck aquaculture research account, \$150,000 for fiscal year 2014 and \$150,000 for fiscal year 2015	\$300,000
Health Benefit Exchange Account: For transfer to the state general fund for fiscal year 2015	\$21,514,000
Criminal Justice Treatment Account: For transfer to the state general fund, \$437,000 for fiscal year 2014 and \$2,746,000 for fiscal year 2015	\$3,183,000
Resources Management Cost Account--Aquatics: For transfer to the marine resources stewardship trust account, \$1,850,000 for fiscal year 2014 and \$1,850,000 for fiscal year 2015	\$3,700,000
Legal Services Revolving Account: For transfer to the state general fund, \$976,000 for fiscal year 2014 and \$1,477,000 for fiscal year 2015	\$2,453,000
Personnel Service Account: For transfer to the state general fund, \$733,000 for fiscal year 2014 and \$733,000 for fiscal year 2015	\$1,466,000
Data Processing Revolving Account: For transfer to the state general fund, \$4,069,000 for fiscal year 2014 and \$4,070,000 for fiscal year 2015	\$8,139,000
Home Security Fund Account: For transfer to the transitional housing operating and rent account	\$7,500,000
Professional Engineers' Account: For transfer to the state general fund, \$956,000 for fiscal year 2014 and \$957,000 for fiscal year 2015	\$1,913,000
Electrical License Account: For transfer to the state general fund, \$1,700,000 for fiscal year 2014 and \$1,700,000 for fiscal year 2015	\$3,400,000
Business and Professions Account: For transfer to the state general fund, \$1,838,000 for fiscal year 2014 and \$1,800,000 for fiscal year 2015	\$3,638,000
Energy Freedom Account: For transfer to the state general fund, \$1,000,000 for fiscal year 2014 and \$1,000,000 for fiscal year 2015	\$2,000,000
Pollution Liability Insurance Program Trust Account: For transfer to the state general fund, \$2,500,000 for fiscal year 2014 and \$2,500,000 for fiscal year 2015	\$5,000,000
Real Estate Commission Account: For transfer to the state general fund, \$1,700,000 for fiscal year 2014 and \$1,700,000 for fiscal year 2015	\$3,400,000
State Lottery Account: For transfer to the education legacy trust account, \$6,050,000 for fiscal year 2014 and \$6,050,000 for fiscal year 2015	\$12,100,000
State Toxics Control Account: For transfer to the radioactive mixed waste account, \$2,000,000 for fiscal year 2014	\$2,000,000

(End of part)

**PART IX
MISCELLANEOUS**

NEW SECTION. Sec. 901. EXPENDITURE AUTHORIZATIONS

The appropriations contained in this act are maximum expenditure authorizations. Pursuant to RCW 43.88.037, moneys disbursed from the treasury on the basis of a formal loan agreement shall be recorded as loans receivable and not as expenditures for accounting purposes. To the extent that moneys are disbursed on a

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loan basis, the corresponding appropriation shall be reduced by the amount of loan moneys disbursed from the treasury during the 2011-2013 fiscal biennium.

NEW SECTION. Sec. 902. EMERGENCY FUND ALLOCATIONS

Whenever allocations are made from the governor's emergency fund appropriation to an agency that is financed in whole or in part by other than general fund moneys, the director of financial management may direct the repayment of such allocated amount to the general fund from any balance in the fund or funds which finance the agency. An appropriation is not necessary to effect such repayment.

NEW SECTION. Sec. 903. STATUTORY APPROPRIATIONS

In addition to the amounts appropriated in this act for revenues for distribution, and bond retirement and interest including ongoing bond registration and transfer charges, transfers, interest on registered warrants, and certificates of indebtedness, there is also appropriated such further amounts as may be required or available for these purposes under any statutory formula or under chapters 39.94 and 39.96 RCW or any proper bond covenant made under law.

NEW SECTION. Sec. 904. BOND EXPENSES

In addition to such other appropriations as are made by this act, there is hereby appropriated to the state finance committee from legally available bond proceeds in the applicable construction or building funds and accounts such amounts as are necessary to pay the expenses incurred in the issuance and sale of the subject bonds.

NEW SECTION. Sec. 905. VOLUNTARY RETIREMENT, SEPARATION, AND DOWNSHIFTING INCENTIVES

As a management tool to reduce costs and make more effective use of resources, while improving employee productivity and morale, agencies may implement a voluntary retirement and/or separation, program that is cost neutral or results in cost savings (including costs to the state pension systems) over a two-year period following the commencement of the program, provided that such a program is approved by the director of financial management. Agencies participating in this authorization may offer voluntary retirement and/or separation incentives and options according to procedures and guidelines established by the office of financial management, in consultation with the office of the state human resources director and the department of retirement systems. The options may include, but are not limited to, financial incentives for voluntary separation or retirement. An employee does not have a contractual right to a financial incentive offered under this section. Offers shall be reviewed and monitored jointly by the office of the state human resources director and the department of retirement systems. Agencies are required to submit a report by July 30, 2015, to the legislature and the office of financial management on the outcome of their approved incentive program. The report should include information on the details of the program including the incentive payment amount for each participant, the total cost to the state, and the projected or actual net dollar savings over the two year period.

The department of retirement systems may collect from employers the actuarial cost of any incentive provided under this program, or any other incentive to retire provided by employers to members of the state's pension systems, for deposit in the appropriate pension account.

NEW SECTION. Sec. 906. COLLECTIVE BARGAINING AGREEMENTS NOT IMPAIRED

Nothing in this act prohibits the expenditure of any funds by an agency or institution of the state for benefits guaranteed by any

collective bargaining agreement in effect on the effective date of this section.

NEW SECTION. Sec. 907. COLLECTIVE BARGAINING AGREEMENTS

The following sections represent the results of the 2013-2015 collective bargaining process required under the provisions of chapters 41.80, 41.56 and 74.39A RCW. Provisions of the collective bargaining agreements contained in sections 908 through 938 of this act are described in general terms. Only major economic terms are included in the descriptions. These descriptions do not contain the complete contents of the agreements. The collective bargaining agreements or the continuation of terms and conditions of the 2011-2013 agreements contained in Part IX of this act may also be funded by expenditures from nonappropriated accounts. If positions are funded with lidded grants or dedicated fund sources with insufficient revenue, additional funding from other sources is not provided.

NEW SECTION. Sec. 908. COLLECTIVE BARGAINING AGREEMENT--WFSE

An agreement has been reached between the governor and the Washington federation of state employees general government under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step and for backfill costs for a personal leave day. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 909. COLLECTIVE BARGAINING AGREEMENT--WPEA

An agreement has been reached between the governor and the Washington public employees association general government under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 910. COLLECTIVE BARGAINING AGREEMENT--COALITION OF UNIONS

An agreement has been reached between the governor and the coalition of unions under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 911. COLLECTIVE BARGAINING AGREEMENT--WAFWP

An agreement has been reached between the governor and the Washington association of fish and wildlife professionals under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 912. COLLECTIVE BARGAINING AGREEMENT--PTE LOCAL 17

An agreement has been reached between the governor and the professional and technical employees local 17 under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding

is provided to add a longevity step. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 913. COLLECTIVE BARGAINING AGREEMENT--SEIU 1199NW

An agreement has been reached between the governor and the service employees international union healthcare 1199nw under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step and for backfill costs for a personal leave day. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 914. COLLECTIVE BARGAINING AGREEMENT--TEAMSTERS LOCAL 117

An agreement has been reached between the governor and the international brotherhood of teamsters local 117 under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 915. COLLECTIVE BARGAINING AGREEMENT--WFSE HIGHER EDUCATION COMMUNITY COLLEGE COALITION

An agreement has been reached between the governor and the Washington federation of state employees community college coalition under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 916. COLLECTIVE BARGAINING AGREEMENT--WPEA HIGHER EDUCATION COMMUNITY COLLEGE COALITION

An agreement has been reached between the governor and the Washington public employees association community college coalition under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes a one percent salary increase for all bargaining unit members effective July 1, 2014, through June 30, 2015, contingent on the state collecting \$200,000,000 or more in unanticipated general fund-state revenue from increased economic activity.

NEW SECTION. Sec. 917. COLLECTIVE BARGAINING AGREEMENT--WSP TROOPERS ASSOCIATION

An agreement has been reached between the governor and the Washington state patrol troopers association through an interest arbitration decision under the provisions of chapter 41.56 RCW for the 2013-2015 fiscal biennium. Funding is provided for the awarded three percent salary increase for all bargaining unit members effective July 1, 2013, and a one percent increase to longevity pay for years five through nine effective July 1, 2014.

NEW SECTION. Sec. 918. COLLECTIVE BARGAINING AGREEMENT--WSP LIEUTENANTS ASSOCIATION

An agreement has been reached between the governor and the Washington state patrol lieutenants association through an interest

arbitration decision under the provisions of chapter 41.56 RCW for the 2013-2015 fiscal biennium. Funding is provided for the awarded three percent salary increase for all bargaining unit members effective July 1, 2014, and for parking of department issued vehicles for employees assigned vehicles at the general administration building or capital campus.

NEW SECTION. Sec. 919. COLLECTIVE BARGAINING AGREEMENT--YAKIMA VALLEY COMMUNITY COLLEGE--WPEA

An agreement has been reached between Yakima Valley Community College and the Washington public employees association under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes that economic terms and conditions replicate those specified in the agreement executed by and between the Washington state higher education coalition and the Washington public employees association under RCW 41.80.010 for the term July 1, 2013, to June 30, 2015.

NEW SECTION. Sec. 920. COLLECTIVE BARGAINING AGREEMENT--THE EVERGREEN STATE COLLEGE--WFSE

An agreement has been reached between The Evergreen State College and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step and a personal leave day. Funding is also provided for a one percent salary increase for all bargaining unit members beginning July 1, 2014.

NEW SECTION. Sec. 921. COLLECTIVE BARGAINING AGREEMENT--WESTERN WASHINGTON UNIVERSITY--WFSE

An agreement has been reached between the Western Washington University and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes compensation equal to any compensation increase approved, implemented, and funded by the state for general government classified represented staff through the general service salary schedule.

NEW SECTION. Sec. 922. COLLECTIVE BARGAINING AGREEMENT--WESTERN WASHINGTON UNIVERSITY--PSE

An agreement has been reached between the Western Washington University and the public schools employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement also includes compensation equal to any compensation increase approved, implemented, and funded by the state for general government classified represented staff through the general service salary schedule.

NEW SECTION. Sec. 923. COLLECTIVE BARGAINING AGREEMENT--EASTERN WASHINGTON UNIVERSITY--WFSE

An agreement has been reached between Eastern Washington University and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. Funding is also provided for a one percent salary increase for all bargaining unit members beginning July 1, 2013, and a one percent salary increase for all bargaining unit members beginning July 1, 2014.

NEW SECTION. Sec. 924. COLLECTIVE BARGAINING AGREEMENT--CENTRAL WASHINGTON UNIVERSITY--WFSE

An agreement has been reached between Central Washington University and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal

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biennium. Funding is provided to add a longevity step and for a one percent salary increase for all bargaining unit members beginning July 1, 2014. The agreement also includes additional one-time payments each November of each fiscal year for members continually employed during the preceding twelve months in an amount up to three percent of member's gross wages contingent on the university's achievement of the goals contained in its student success incentive program.

NEW SECTION. Sec. 925. COLLECTIVE BARGAINING AGREEMENT--CENTRAL WASHINGTON UNIVERSITY--PSE

An agreement has been reached between Central Washington University and the public schools employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step. The agreement includes a one percent salary increase for all bargaining unit members beginning July 1, 2014, and in the event classified employees bargaining at the general government's higher education tables receive a general wage increase greater than one percent, salary ranges will increase by the higher amount. The agreement also includes additional one-time payments each November each fiscal year for members continually employed during the preceding twelve months in an amount up to three percent of member's gross wages contingent on the university's achievement of the goals contained in its student success incentive program.

NEW SECTION. Sec. 926. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON--WFSE

An agreement has been reached between the University of Washington and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided for additional premium pay, preceptor pay, and professional development increases. Funding is also provided for a two percent wage increase for all bargaining unit members beginning July 1, 2013, and a two percent wage increase for all bargaining unit members beginning July 1, 2014. The agreement also provides that if the university agrees to across-the-board salary increases for any SEIU 925 bargaining unit that are more favorable than those negotiated with WFSE, the university will grant the same salary increase to WFSE-represented employees.

NEW SECTION. Sec. 927. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON--SEIU 925

An agreement has been reached between the University of Washington and the service employees Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided for additional step increases, a two percent salary increase for all bargaining unit members beginning July 1, 2013, and a two percent salary increase for all bargaining unit members beginning July 1, 2014. The agreement also provides that if the university agrees to across-the-board salary increases or general increases for a SEIU 1199 or Washington state nurse association bargaining unit that are more favorable than those negotiated with SEIU 925, the university will grant the same salary increase to SEIU 925-represented employees.

NEW SECTION. Sec. 928. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON--TEAMSTERS 117 (UW POLICE OFFICERS)

An agreement has been reached between the University of Washington and the teamsters 117 under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided for a two percent salary increase for all bargaining unit

members beginning July 1, 2013, and a two percent salary increase for all bargaining unit members beginning July 1, 2014.

NEW SECTION. Sec. 929. COLLECTIVE BARGAINING AGREEMENT--WASHINGTON STATE UNIVERSITY--WFSE

An agreement has been reached between the Washington State University and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. The agreement provides that if a general salary increase, implementation of a salary survey, or a longevity step (Step M) is approved and funded by the state for university nonbargaining unit covered classified staff, WFSE bargaining unit members will receive the same.

NEW SECTION. Sec. 930. COLLECTIVE BARGAINING AGREEMENT--WASHINGTON STATE UNIVERSITY--PSE

An agreement has been reached between the Washington State University and the public schools employees under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. The agreement provides that the bargaining unit members have a "me-too" agreement regarding cost of living increases with university classified staff utilizing the general service higher education salary schedule should the university request and receive funding to provide an across-the-board salary increase for classified staff.

NEW SECTION. Sec. 931. COLLECTIVE BARGAINING AGREEMENT--WASHINGTON STATE UNIVERSITY--WSU POLICE GUILD

An agreement has been reached between the Washington State University and the WSU Police Guild under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Funding is provided to add a longevity step.

NEW SECTION. Sec. 932. COMPENSATION--REPRESENTED EMPLOYEES--SUPER COALITION--INSURANCE BENEFITS

No agreement was reached between the governor and the health care super coalition under the provisions of chapter 41.80 RCW for the 2013-2015 fiscal biennium. Appropriations in this act for state agencies, including institutions of higher education are sufficient to continue the provisions of the 2011-2013 collective bargaining agreement, and are subject to the following conditions and limitations: (1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, shall not exceed \$782 per eligible employee for fiscal year 2014. For fiscal year 2015 the monthly employer funding rate shall not exceed \$763 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require or make any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or other changes to benefits consistent with RCW 41.05.065. Beginning July 1, 2014, the board shall add a \$25 per month surcharge to the premiums due from members who use tobacco products and a surcharge of not less than \$50 per month to the premiums due from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in other employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any

other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. The subsidy provided for calendar years 2014 and 2015 shall be up to \$150 per month.

NEW SECTION. Sec. 933. COMPENSATION--REPRESENTED EMPLOYEES OUTSIDE SUPER COALITION--INSURANCE BENEFITS

Appropriations for state agencies in this act are sufficient for represented employees outside the super coalition for health benefits, and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, shall not exceed \$782 per eligible employee for fiscal year 2014. For fiscal year 2015 the monthly employer funding rate shall not exceed \$763 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require or make any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or other changes to benefits consistent with RCW 41.05.065. Beginning July 1, 2014, the board shall add a \$25 per month surcharge to the premiums due from members who use tobacco products and a surcharge of not less than \$50 per month to the premiums due from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in other employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. The subsidy provided for calendar years 2014 and 2015 shall be up to \$150 per month.

NEW SECTION. Sec. 934. COLLECTIVE BARGAINING AGREEMENTS

For collective bargaining agreements negotiated with the state for the 2013-2015 fiscal biennium under chapter 41.80 RCW, the governor may request funds to implement the terms and conditions of any agreement negotiated by an institution of higher education and submitted to the office of financial management after October 1, 2012, but before December 20, 2012, if that agreement is determined to be financially feasible to the state by the director of financial management.

NEW SECTION. Sec. 935. COLLECTIVE BARGAINING AGREEMENT FOR NONSTATE EMPLOYEES--LANGUAGE ACCESS PROVIDERS WFSE

An agreement has been reached between the governor and the Washington federation of state employees for the language access providers under the provisions of chapter 41.56 RCW for the 2013-2015 fiscal biennium. Funding is provided for a rate increase of 50 cents per hour effective July 1, 2013, and rate increase of 50

cents per hour effective July 1, 2014. Funding is also provided to accommodate a change to the no-show payment rules.

NEW SECTION. Sec. 936. COLLECTIVE BARGAINING AGREEMENT FOR NONSTATE EMPLOYEES--SEIU HEALTHCARE 775NW HOMECARE WORKERS

An agreement has been reached between the governor and the service employees international union healthcare 775nw through an interest arbitration decision under the provisions of chapter 74.39A and 41.56 RCW for the 2013-2015 fiscal biennium. Funding is provided for increases to wages and pay differentials, mileage allowance, and healthcare contributions. Funding is also provided for a paid holiday and payment of certification and testing fees.

NEW SECTION. Sec. 937. COLLECTIVE BARGAINING AGREEMENT FOR NONSTATE EMPLOYEES--SEIU LOCAL 925 CHILDCARE WORKERS

An agreement has been reached between the governor and the service employees international union local 925 under the provisions of chapter 41.56 RCW for the 2013-2015 fiscal biennium. Funding is provided for increases to health care, scholarship funding and non-standard hours bonus.

NEW SECTION. Sec. 938. COLLECTIVE BARGAINING AGREEMENT FOR NONSTATE EMPLOYEES--WSRCC ADULT FAMILY HOMES

An agreement has been reached between the governor and the Washington state residential care council under the provisions of chapter 41.56 RCW for the 2013-2015 fiscal biennium. Funding is provided for a specialty adult family home contract for community placement of clients currently in western state hospital and an increase in the daily bed hold rate (days eight through twenty).

NEW SECTION. Sec. 939. COMPENSATION--NONREPRESENTED EMPLOYEES--INSURANCE BENEFITS

Appropriations for state agencies in this act are sufficient for nonrepresented state employee health benefits for state agencies, including institutions of higher education, and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, shall not exceed \$782 per eligible employee for fiscal year 2014. For fiscal year 2015 the monthly employer funding rate shall not exceed \$763 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require or make any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or other changes to benefits consistent with RCW 41.05.065. Beginning July 1, 2014, the board shall add a \$25 per month surcharge to the premiums due from members who use tobacco products and a surcharge of not less than \$50 per month to the premiums due from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in other employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees

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and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. The subsidy provided for calendar years 2014 and 2015 shall be up to \$150 per month.

(3) Technical colleges, school districts, and educational service districts shall remit to the health care authority for deposit into the public employees' and retirees' insurance account established in RCW 41.05.120 the following amounts:

(a) For each full-time employee, \$64.40 per month beginning September 1, 2013, and \$70.39 beginning September 1, 2014; and

(b) For each part-time employee, who at the time of the remittance is employed in an eligible position as defined in RCW 41.32.010 or 41.40.010 and is eligible for employer fringe benefit contributions for basic benefits, \$64.40 each month beginning September 1, 2013, and \$70.39 beginning September 1, 2014, prorated by the proportion of employer fringe benefit contributions for a full-time employee that the part-time employee receives. The remittance requirements specified in this subsection (3) shall not apply to employees of a technical college, school district, or educational service district who purchase insurance benefits through contracts with the health care authority.

NEW SECTION. Sec. 940. COMPENSATION--REVISE PENSION CONTRIBUTION RATES

The appropriations for school districts and state agencies, including institutions of higher education are subject to the following conditions and limitations: Appropriations are adjusted to reflect changes to agency appropriations to reflect pension contribution rates adopted by the pension funding council and the law enforcement officers' and firefighters' retirement system plan 2 board.

NEW SECTION. Sec. 941. NONREPRESENTED EMPLOYEE LONGEVITY STEP

For classified state employees, except those within the Washington management service and except those represented by a bargaining unit under chapters 41.80, 41.56, or 47.64 RCW, funding is provided within agency appropriations for implementation of a longevity step, in accordance with rules adopted under RCW 41.06.133.

NEW SECTION. Sec. 942. COMPENSATION--CONTINGENT INCREASE IN SALARIES AND WAGES

(1) If the director of the office of financial management determines that the February 2014 economic and revenue forecast council forecast for general fund--state revenues for fiscal year 2015 is \$200,000,000 or more than the September 2012 economic and revenue forecast council forecast for general fund--state revenues for fiscal year 2015 as a result of increased economic activity, effective July 1, 2014, appropriations to state agencies will increase in the amounts specified in LEAP Document 2013-H01 to fund a one percent salary increase effective July 1, 2014, through June 30, 2015, for the following state employees:

- (a) All classified employees;
- (b) Employees in the Washington management service;
- (c) Except as provided in subsection (2) of this section, employees exempt from merit system rules in the executive, legislative, and judicial branches;
- (d) Employees of the marine division of the department of transportation represented by the office and professional employees international union local eight and service employees international union local six.

(2) The salary increase in this section is not provided to the following state employees:

(a) Commissioned officers of the Washington state patrol represented by the Washington state patrol troopers association and the Washington state patrol lieutenants association;

(b) Employees of the marine division of the department of transportation represented by:

- (i) The ferry agents, supervisors, project administrators association;
- (ii) The Pacific northwest regional council of carpenters;
- (iii) The Puget Sound metal trades council;
- (iv) The marine engineers' beneficial association unlicensed engine room employees;
- (v) The marine engineers' beneficial association licensed engineer officers;
- (vi) The masters, mates and pilots - mates;
- (vii) The masters, mates and pilots - masters;
- (viii) The masters, mates and pilots - watch supervisors; and
- (ix) The inlandboatmen's union of the pacific.

(c) Employees whose maximum salaries are set by the commission on salaries for elected officials; and

(d) Faculty employees and employees exempt from merit system rules at institutions of higher education.

(3) For purposes of this section, "increased economic activity" means additional revenue derived from taxable business and consumer activity and does not include revenue changes from changes in state or federal law or revenue changes characterized by the economic and revenue forecast council as a noneconomic change.

NEW SECTION. Sec. 943. ACQUISITION OF INFORMATION TECHNOLOGY PROJECTS THROUGH FINANCIAL CONTRACTS

(1) Financial contracts for the acquisition of the information technology projects authorized in this section must be approved jointly by the office of the financial management and the office of the chief information officer. Information technology projects funded under this section shall meet the following requirements:

(a) The project reduces costs and achieves economies of scale by leveraging statewide investments in systems and data and other common or enterprise-wide solutions within and across state agencies;

(b) The project begins or continues replacement of legacy information technology systems and replacing these systems with modern and more efficient information technology systems;

(c) The project improves the ability of an agency to recover from major disaster;

(d) The project provides future savings and efficiencies for an agency through reduced operating costs, improved customer service, or increased revenue collections; and

(e) Preference for project approval must be given to an agency that has prior approval from the office of the chief information officer, an approved business plan, and where the primary hurdle to project funding is the lack of funding capacity.

(2) The following state agencies may enter into financial contracts to finance expenditures for the acquisition and implementation of the following information technology projects for up to the respective amounts indicated, plus financing expenses and required reserves pursuant to chapter 39.94 RCW:

(a) Subject to subsection (4) of this section, \$10,000,000 for the department of enterprise services time, leave, and attendance pilot project;

(b) \$3,867,000 for the Washington state patrol for continuation of the mobile office platform;

(c) \$8,500,000 for the department of social and health services conversion to the tenth version of the world health organization's international classification of diseases;

(d) \$5,558,000 for the department of early learning system implementation of electronic benefit transfers;

(e) \$4,323,000 for the department of corrections for radio infrastructure upgrades.

(3) The office of financial management with assistance from the office of the chief information officer will report to the governor and fiscal committees of the legislature by November 1st of each year on the status of distributions and expenditures on information technology projects and improved statewide or agency performance results achieved by project funding.

(4) If the Washington state department of transportation enters into financial contracts pursuant to chapter 39.94 RCW for the acquisition and implementation of a time, leave, and labor distribution system, the authorization provided to the department of enterprise services in subsection (2)(a) of this section expires.

NEW SECTION. Sec. 944. INFORMATION TECHNOLOGY PROJECTS

(1) The office of the chief information officer, in coordination with the technology services board, must evaluate existing state technology policies on technology investment planning and project implementation to determine whether these policies reflect current industry leading practices. Where necessary, the office of the chief information officer shall develop revisions to these policies designed to incorporate leading practices, and to incorporate appropriate reporting mechanisms designed to improve the transparency of agency compliance with these policies. All revisions must be submitted to the technology services board for approval no later than September 30, 2013. The technology services board may create a subcommittee responsible for the ongoing review and oversight of state technology policy development.

(2) The office of the chief information officer shall improve the transparency of agency technology planning and development activities by implementing a publicly facing web-based reporting tool for centralized reporting and posting of these documents. The office of the chief information officer shall develop and implement a policy requiring that all critical planning documents, including but not limited to feasibility studies, project management plans, and quality assurance plans for all major projects, and all quality assurance status reports. The reporting tool should be in place no later than September 30, 2013.

NEW SECTION. Sec. 945. PERSONAL COMPUTER ACQUISITION AND REPLACEMENT

(1) The legislature finds that the state must achieve reduced costs in the acquisition and deployment of new and replacement personal computers. The office of the chief information officer of the state must develop a policy on the procurement of personal computers with the goal of reducing the total life cycle cost of ownership. The policy must be effective no later than September 1, 2013.

(2) At a minimum, the policy must address frequency of replacement, identify a preferred financing method, and identify one or more preferred equipment configurations. Financing methods examined in developing the policy must include leasing, lease purchasing, purchasing using certificates of participation and cash purchase. In determining total life cycle costs, the office of the chief information officer must consider the cost of acquisition, deployment, financing, maintenance, and decommissioning of personal computers including any residual software licensing costs. The office of the chief information officer may include any other criteria deemed appropriate in developing the policy.

(3) The office of the attorney general shall participate in a pilot acquisition program. Key elements of the pilot will include a regular replacement cycle that ensures reliable equipment and is acquired by lease. Deployment of the replacement computer and decommissioning of the old computer must also be part of the acquisition contract. The office of the attorney general must work with the office of the chief information officer to determine the costs and benefits of this approach relative to cash procurement and agency deployment and decommissioning. The office of the chief

information officer shall report on the findings of the pilot not later than January 1, 2015.

(4) While judicial, legislative, and higher education agencies are exempt from this policy, they are encouraged to adhere to the policy to the maximum extent practicable in meeting the goal of lowering the total life cycle cost of ownership for personal computers.

NEW SECTION. Sec. 946. INFORMATION TECHNOLOGY SECURITY PROGRAMS AND TRAINING

(1) The office of the chief information officer has developed information technology security policies and standards to assist state agencies in implementing an information technology security program. Before any agency may expend amounts appropriated in this act on information technology equipment, the agency must adopt the information technology security policies and standards and the state chief information officer must approve an agency's information technology security program.

(2) Every agency shall submit to the office of the chief information officer a schedule for employee information technology security training, in accordance with technology security policies, no later than September 1, 2013. In the event an agency has not complied with this requirement, the chief information officer may request the office of financial management to embargo all or part of the amounts appropriated to the agency in this act for information technology equipment purchases until the agency training schedule is received.

Sec. 947. 2013 c 306 s 517 (uncodified) is amended to read as follows:

COMPENSATION--REPRESENTED EMPLOYEES--SUPER COALITION--INSURANCE BENEFITS

No agreement has been reached between the governor and the health care super coalition under chapter 41.80 RCW for the 2013-2015 fiscal biennium. Appropriations in this act for state agencies, including institutions of higher education, are sufficient to continue the provisions of the 2011-2013 collective bargaining agreement and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan must not exceed (~~(\$809)~~) \$782 per eligible employee for fiscal year 2014. For fiscal year 2015, the monthly employer funding rate must not exceed (~~(\$820)~~) \$763 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board must require any of the following: Employee premium copayments; increases in point-of-service cost sharing; the implementation of managed competition; or other changes to benefits consistent with RCW 41.05.065. Beginning July 1, 2014, the board shall add a \$25 per month surcharge to the premiums due from members who use tobacco products and a surcharge of not less than \$50 per month to the premiums due from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in other employer-based group health insurance that has benefits and premiums with an actuarial value not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts must not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees

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and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2014 and 2015, the subsidy must be \$150.00 per month.

Sec. 948. 2013 c 306 s 518 (uncodified) is amended to read as follows:

COMPENSATION--REPRESENTED EMPLOYEES OUTSIDE SUPER COALITION--INSURANCE BENEFITS

Appropriations for state agencies in this act are sufficient for represented employees outside the super coalition for health benefits and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan must not exceed (~~(\$809)~~) \$782 per eligible employee for fiscal year 2014. For fiscal year 2015, the monthly employer funding rate must not exceed (~~(\$820)~~) \$763 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any of the following: Employee premium copayments; increases in point-of-service cost sharing; the implementation of managed competition; or other changes to benefits consistent with RCW 41.05.065. Beginning July 1, 2014, the board shall add a \$25 per month surcharge to the premiums due from members who use tobacco products and a surcharge of not less than \$50 per month to the premiums due from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in other employer-based group health insurance that has benefits and premiums with an actuarial value not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts must not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2014 and 2015, the subsidy must be \$150.00 per month.

Sec. 949. 2013 c 306 s 519 (uncodified) is amended to read as follows:

COMPENSATION--NONREPRESENTED EMPLOYEES--INSURANCE BENEFITS

Appropriations for state agencies in this act are sufficient for nonrepresented state employee health benefits for state agencies, including institutions of higher education, and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan must not exceed (~~(\$809)~~) \$782 per eligible employee for fiscal year 2014. For fiscal year 2015, the monthly employer funding rate must not exceed (~~(\$820)~~) \$763 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any of the following: Employee premium copayments; increases in point-of-service cost sharing; the implementation of managed competition; or make other changes to benefits consistent with RCW 41.05.065. Beginning July 1, 2014, the board shall add a \$25 per month surcharge to the premiums due from members who use tobacco products and a surcharge of not less than \$50 per month to

the premiums due from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in other employer-based group health insurance that has benefits and premiums with an actuarial value not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts must not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2014 and 2015, the subsidy must be \$150.00 per month.

Sec. 950. RCW 2.68.020 and 2012 2nd sp.s. c 7 s 913 are each amended to read as follows:

There is created an account in the custody of the state treasurer to be known as the judicial information system account. The administrative office of the courts shall maintain and administer the account, in which shall be deposited all moneys received from in-state noncourt users and any out-of-state users of the judicial information system and moneys as specified in RCW 2.68.040 for the purposes of providing judicial information system access to noncourt users and providing an adequate level of automated services to the judiciary. The legislature shall appropriate the funds in the account for the purposes of the judicial information system. The account shall be used for the acquisition of equipment, software, supplies, services, and other costs incidental to the acquisition, development, operation, and administration of information services, telecommunications, systems, software, supplies, and equipment, including the payment of principal and interest on items paid in installments. During the 2011-2013 fiscal biennium, the judicial information system(~~(s--system))~~) account may be appropriated to support the state law library. During the 2013-2015 fiscal biennium, the judicial information system account may be appropriated to support the information systems and other activities in the administrative office of the courts.

Sec. 951. RCW 2.28.170 and 2009 c 445 s 2 are each amended to read as follows:

(1) Counties may establish and operate drug courts.

(2) For the purposes of this section, "drug court" means a court that has special calendars or dockets designed to achieve a reduction in recidivism and substance abuse among nonviolent, substance abusing felony and nonfelony offenders, whether adult or juvenile, by increasing their likelihood for successful rehabilitation through early, continuous, and intense judicially supervised treatment; mandatory periodic drug testing; and the use of appropriate sanctions and other rehabilitation services.

(3)(a) Any jurisdiction that seeks a state appropriation to fund a drug court program must first:

(i) Exhaust all federal funding that is available to support the operations of its drug court and associated services; and

(ii) Match, on a dollar-for-dollar basis, state moneys allocated for drug court programs with local cash or in-kind resources. Moneys allocated by the state must be used to supplement, not supplant, other federal, state, and local funds for drug court operations and associated services. However, from July 26, 2009, until June 30, (~~(2013)~~) 2015, no match is required for state moneys expended for the administrative and overhead costs associated with the operation of a drug court pursuant to RCW 70.96A.350.

(b) Any county that establishes a drug court pursuant to this section shall establish minimum requirements for the participation of offenders in the program. The drug court may adopt local requirements that are more stringent than the minimum. The minimum requirements are:

- (i) The offender would benefit from substance abuse treatment;
- (ii) The offender has not previously been convicted of a serious violent offense or sex offense as defined in RCW 9.94A.030; and
- (iii) Without regard to whether proof of any of these elements is required to convict, the offender is not currently charged with or convicted of an offense:
 - (A) That is a sex offense;
 - (B) That is a serious violent offense;
 - (C) During which the defendant used a firearm; or
 - (D) During which the defendant caused substantial or great bodily harm or death to another person.

Sec. 952. RCW 2.28.170 and 2013 c 257 s 5 are each amended to read as follows:

(1) Jurisdictions may establish and operate drug courts.

(2) For the purposes of this section, "drug court" means a court that has special calendars or dockets designed to achieve a reduction in recidivism and substance abuse among nonviolent, substance abusing felony and nonfelony offenders, whether adult or juvenile, by increasing their likelihood for successful rehabilitation through early, continuous, and intense judicially supervised treatment; mandatory periodic drug testing; and the use of appropriate sanctions and other rehabilitation services.

(3)(a) Any jurisdiction that seeks a state appropriation to fund a drug court program must first:

(i) Exhaust all federal funding that is available to support the operations of its drug court and associated services; and

(ii) Match, on a dollar-for-dollar basis, state moneys allocated for drug court programs with local cash or in-kind resources. Moneys allocated by the state must be used to supplement, not supplant, other federal, state, and local funds for drug court operations and associated services. However, from July 26, 2009, until June 30, ~~((2013))~~ 2015, no match is required for state moneys expended for the administrative and overhead costs associated with the operation of a drug court pursuant to RCW 70.96A.350.

(b) Any jurisdiction that establishes a drug court pursuant to this section shall establish minimum requirements for the participation of offenders in the program. The drug court may adopt local requirements that are more stringent than the minimum. The minimum requirements are:

- (i) The offender would benefit from substance abuse treatment;
- (ii) The offender has not previously been convicted of a serious violent offense or sex offense as defined in RCW 9.94A.030; and
- (iii) Without regard to whether proof of any of these elements is required to convict, the offender is not currently charged with or convicted of an offense:

- (A) That is a sex offense;
- (B) That is a serious violent offense;
- (C) During which the defendant used a firearm; or
- (D) During which the defendant caused substantial or great bodily harm or death to another person.

Sec. 953. RCW 13.40.466 and 2006 c 304 s 4 are each amended to read as follows:

(1) The reinvesting in youth account is created in the state treasury. Moneys in the account shall be spent only after appropriation. Expenditures from the account may be used to reimburse local governments for the implementation of the reinvesting in youth program established in RCW 13.40.462 and 13.40.464. During the 2013-2015 fiscal biennium, the legislature may appropriate moneys from the reinvesting in youth account for juvenile rehabilitation purposes.

(2) Revenues to the reinvesting in youth account consist of revenues appropriated to or deposited in the account.

(3) The department of social and health services juvenile rehabilitation administration shall review and monitor the expenditures made by any county or group of counties that is funded, in whole or in part, with funds provided through the reinvesting in youth account. Counties shall repay any funds that are not spent in accordance with RCW 13.40.462 and 13.40.464.

Sec. 954. RCW 18.43.150 and 1991 c 277 s 2 are each amended to read as follows:

All fees collected under the provisions of RCW 18.43.050, 18.43.060, 18.43.080, 18.43.100, and 18.43.130 and fines collected under RCW 18.43.110 shall be paid into the professional engineers' account, which account is hereby established in the state treasury to be used to carry out the purposes and provisions of RCW 18.43.050, 18.43.060, 18.43.080, 18.43.100, 18.43.110, 18.43.120, 18.43.130~~((, 18.43.140))~~, and all other duties required for operation and enforcement of this chapter. During the 2013-2015 fiscal biennium, the legislature may transfer moneys from the professional engineers' account to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 955. RCW 18.85.061 and 2008 c 23 s 29 are each amended to read as follows:

All fees required under this chapter shall be set by the director in accordance with RCW 43.24.086 and shall be paid to the state treasurer. All fees paid under the provisions of this chapter shall be placed in the real estate commission account in the state treasury. All money derived from fines imposed under this chapter shall be deposited in the real estate education program account created in RCW 18.85.321. During the 2013-2015 fiscal biennium, the legislature may transfer to the state general fund such amounts as reflect the excess fund balance in the real estate commission account.

Sec. 956. RCW 19.28.351 and 2003 1st sp.s. c 25 s 910 are each amended to read as follows:

All sums received from licenses, permit fees, or other sources, herein shall be paid to the state treasurer and placed in a special fund designated as the "electrical license fund," and paid out upon vouchers duly and regularly issued therefor and approved by the director of labor and industries or the director's designee following determination by the board that the sums are necessary to accomplish the intent of chapter 19.28 RCW. The treasurer shall keep an accurate record of payments into, or receipts of, the fund, and of all disbursements therefrom.

During the ~~((2003-2005))~~ 2013-2015 biennium, the legislature may transfer moneys from the electrical license fund to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 957. RCW 28A.500.020 and 2010 c 237 s 5 are each amended to read as follows:

(1) Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(a) "Prior tax collection year" means the year immediately preceding the year in which the local effort assistance shall be allocated.

(b) "Statewide average fourteen percent levy rate" means fourteen percent of the total levy bases as defined in RCW 84.52.0531 (3) through (5) for calendar years 2014 and 2015, and as defined in RCW 84.52.0531 (3) and (4) in calendar years 2016 and thereafter, summed for all school districts, and divided by the total assessed valuation for excess levy purposes in the prior tax collection year for all districts as adjusted to one hundred percent by the county indicated ratio established in RCW 84.48.075.

(c) The "district's fourteen percent levy amount" means the school district's maximum levy authority after transfers determined under RCW 84.52.0531(2) (a) through (c) divided by the district's

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maximum levy percentage determined under RCW 84.52.0531(~~(5)~~) (6) multiplied by fourteen percent.

(d) The "district's fourteen percent levy rate" means the district's fourteen percent levy amount divided by the district's assessed valuation for excess levy purposes for the prior tax collection year as adjusted to one hundred percent by the county indicated ratio.

(e) "Districts eligible for local effort assistance" means those districts with a fourteen percent levy rate that exceeds the statewide average fourteen percent levy rate.

(2) Unless otherwise stated all rates, percents, and amounts are for the calendar year for which local effort assistance is being calculated under this chapter.

Sec. 958. RCW 28B.15.067 and 2012 2nd sp.s. c 7 s 914 and 2012 c 228 s 6 are each reenacted and amended to read as follows:

(1) Tuition fees shall be established under the provisions of this chapter.

(2) Beginning in the 2011-12 academic year, reductions or increases in full-time tuition fees shall be as provided in the omnibus appropriations act for resident undergraduate students at community and technical colleges. The governing boards of the state universities, regional universities, and The Evergreen State College; and the state board for community and technical colleges may reduce or increase full-time tuition fees for all students other than resident undergraduates, including nonresident students, summer school students, and students in other self-supporting degree programs. Percentage increases in full-time tuition may exceed the fiscal growth factor. Except during the ~~((2011-2013))~~ 2013-2015 fiscal biennium, the state board for community and technical colleges may pilot or institute differential tuition models. The board may define scale, scope, and rationale for the models.

(3)(a) Beginning with the 2011-12 academic year and through the end of the 2014-15 academic year, the governing boards of the state universities, the regional universities, and The Evergreen State College may reduce or increase full-time tuition fees for all students, including summer school students and students in other self-supporting degree programs. Percentage increases in full-time tuition fees may exceed the fiscal growth factor. Reductions or increases may be made for all or portions of an institution's programs, campuses, courses, or students; however, during the ~~((2011-2013))~~ 2013-2015 fiscal biennium, reductions or increases in tuition must be uniform among resident undergraduate students.

(b) Prior to reducing or increasing tuition for each academic year, the governing boards of the state universities, the regional universities, and The Evergreen State College shall consult with existing student associations or organizations with student undergraduate and graduate representatives regarding the impacts of potential tuition increases. Each governing board shall make public its proposal for tuition and fee increases twenty-one days before the governing board of the institution considers adoption and allow opportunity for public comment. However, the requirement to make public a proposal for tuition and fee increases twenty-one days before the governing board considers adoption shall not apply if the omnibus appropriations act has not passed the legislature by May 15th. Governing boards shall be required to provide data regarding the percentage of students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by aid.

(c) Prior to reducing or increasing tuition for each academic year, the state board for community and technical college system shall consult with existing student associations or organizations with undergraduate student representation regarding the impacts of potential tuition increases. The state board for community and technical colleges shall provide data regarding the percentage of students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by aid.

(4) Beginning with the 2015-16 academic year through the 2018-19 academic year, the governing boards of the state universities, regional universities, and The Evergreen State College may set tuition for resident undergraduates as follows:

(a) If state funding for a college or university falls below the state funding provided in the operating budget for fiscal year 2011, the governing board may increase tuition up to the limits set in (d) of this subsection, reduce enrollments, or both;

(b) If state funding for a college or university is at least at the level of state funding provided in the operating budget for fiscal year 2011, the governing board may increase tuition up to the limits set in (d) of this subsection and shall continue to at least maintain the actual enrollment levels for fiscal year 2011 or increase enrollments as required in the omnibus appropriations act;

(c) If state funding is increased so that combined with resident undergraduate tuition the sixtieth percentile of the total per-student funding at similar public institutions of higher education in the global challenge states under RCW 28B.15.068 is exceeded, the governing board shall decrease tuition by the amount needed for the total per-student funding to be at the sixtieth percentile under RCW 28B.15.068; and

(d) The amount of tuition set by the governing board for an institution under this subsection (4) may not exceed the sixtieth percentile of the resident undergraduate tuition of similar public institutions of higher education in the global challenge states.

(5) The tuition fees established under this chapter shall not apply to high school students enrolling in participating institutions of higher education under RCW 28A.600.300 through 28A.600.400.

(6) The tuition fees established under this chapter shall not apply to eligible students enrolling in a dropout reengagement program through an interlocal agreement between a school district and a community or technical college under RCW 28A.175.100 through 28A.175.110.

(7) The tuition fees established under this chapter shall not apply to eligible students enrolling in a community or technical college participating in the pilot program under RCW 28B.50.534 for the purpose of obtaining a high school diploma.

(8) Beginning in the 2019-20 academic year, reductions or increases in full-time tuition fees for resident undergraduates at four-year institutions of higher education shall be as provided in the omnibus appropriations act.

(9) The legislative advisory committee to the committee on advanced tuition payment established in RCW 28B.95.170 shall:

(a) Review the impact of differential tuition rates on the funded status and future unit price of the Washington advanced college tuition payment program; and

(b) No later than January 14, 2013, make a recommendation to the appropriate policy and fiscal committees of the legislature regarding how differential tuition should be addressed in order to maintain the ongoing solvency of the Washington advanced college tuition payment program.

Sec. 959. RCW 28B.15.069 and 2012 c 229 s 701 are each amended to read as follows:

(1) The building fee for each academic year shall be a percentage of total tuition fees. This percentage shall be calculated by the office of financial management and be based on the actual percentage the building fee is of total tuition for each tuition category in the 1994-95 academic year, rounded up to the nearest half percent.

(2) The governing boards of each institution of higher education, except for the technical colleges, shall charge to and collect from each student a services and activities fee. A governing board may increase the existing fee annually, consistent with budgeting procedures set forth in RCW 28B.15.045, by a

percentage not to exceed the annual percentage increase in student tuition fees for resident undergraduate students: PROVIDED, That such percentage increase shall not apply to that portion of the services and activities fee previously committed to the repayment of bonded debt. These rate adjustments may exceed the fiscal growth factor. ~~((For the 2003-04 academic year, the services and activities fee shall be based upon the resident undergraduate services and activities fee in 2002-03))~~ For the 2013-2015 fiscal biennium, each governing board is authorized to increase the services and activities fees by amounts judged reasonable and necessary by the services and activities fee committee and the governing board consistent with the budgeting procedures set forth in RCW 28B.15.045. The services and activities fee committee provided for in RCW 28B.15.045 may initiate a request to the governing board for a fee increase.

(3) Tuition and services and activities fees consistent with subsection (2) of this section shall be set by the state board for community and technical colleges for community college summer school students unless the community college charges fees in accordance with RCW 28B.15.515.

(4) Subject to the limitations of RCW 28B.15.910, each governing board of a community college may charge such fees for ungraded courses, noncredit courses, community services courses, and self-supporting courses as it, in its discretion, may determine, consistent with the rules of the state board for community and technical colleges.

(5) The governing board of a college offering an applied baccalaureate degree program under RCW 28B.50.810 may charge tuition fees for those courses above the associate degree level at rates consistent with rules adopted by the state board for community and technical colleges, not to exceed tuition fee rates at the regional universities.

Sec. 960. RCW 28B.20.476 and 2007 c 216 s 2 are each amended to read as follows:

The geoduck aquaculture research account is created in the custody of the state treasurer. All receipts from any legislative appropriations, the aquaculture industry, or any other private or public source directed to the account must be deposited in the account. Expenditures from the account may only be used by the sea grant program for the geoduck research projects identified by RCW 28B.20.475. Only the president of the University of Washington or the president's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. During the 2013-2015 fiscal biennium, amounts available in the geoduck aquaculture research account may also be appropriated for the sea grant program at the University of Washington to conduct research examining the possible negative and positive effects of evolving shellfish aquaculture techniques and practices on Washington's economy and marine ecosystems.

Sec. 961. RCW 28B.67.030 and 2012 c 46 s 2 are each amended to read as follows:

(1) All payments received from a participant in the Washington customized employment training program created in RCW 28B.67.020 must be deposited into the employment training finance account, which is hereby created in the custody of the state treasurer. Only the state board for community and technical colleges may authorize expenditures from the account and no appropriation is required for expenditures. The money in the account must be used solely for training allowances under the Washington customized employment training program created in RCW 28B.67.020 and for providing up to seventy-five thousand dollars per year for training, marketing, and facilitation services to increase the use of the program. The deposit of payments under this section from a participant ceases when the board specifies that the participant has met the monetary obligations of the program. During the

~~((2007-2009))~~ 2013-2015 fiscal biennium, the legislature may transfer from the employment training finance account to the state general fund such amounts as reflect the excess fund balance in the account.

(2) All revenue solicited and received under the provisions of RCW 28B.67.020(4) must be deposited into the employment training finance account to provide training allowances.

(3) The definitions in RCW 28B.67.010 apply to this section.

(4) This section expires July 1, 2017.

Sec. 962. RCW 28B.95.160 and 2011 1st sp.s. c 11 s 173 are each amended to read as follows:

Ownership of tuition units purchased by the office for the GET ready for math and science scholarship program under RCW 28B.105.070 shall be in the name of the state of Washington and may be redeemed by the state of Washington on behalf of recipients of GET ready for math and science scholarship program scholarships for tuition and fees except that during the 2013-2015 fiscal biennium any unused tuition units may be used for the college bound scholarship program established in chapter 28B.118 RCW.

Sec. 963. RCW 28B.105.110 and 2011 1st sp.s. c 11 s 188 are each amended to read as follows:

(1) The GET ready for math and science scholarship account is created in the custody of the state treasurer.

(2) The office shall deposit into the account all money received for the GET ready for math and science scholarship program from appropriations and private sources. The account shall be self-sustaining.

(3) Expenditures from the account shall be used for scholarships to eligible students and for purchases of GET units. Purchased GET units shall be owned and held in trust by the office. Expenditures from the account shall be an equal match of state appropriations and private funds raised by the program administrator. During the 2009-2011 fiscal biennium, expenditures from the account not to exceed five percent may be used by the program administrator to carry out the provisions of RCW 28B.105.090.

(4) With the exception of the operating costs associated with the management of the account by the treasurer's office as authorized in chapter 43.79A RCW, the account shall be credited with all investment income earned by the account.

(5) Disbursements from the account are exempt from appropriations and the allotment provisions of chapter 43.88 RCW.

(6) Disbursements from the account shall be made only on the authorization of the office.

(7) During the ~~((2009-2011))~~ 2013-2015 fiscal biennium, ~~((the legislature may transfer from))~~ appropriated state funds available in the GET ready for math and science scholarship account and GET units owned by the office and not used for the GET ready for math and science scholarship ~~((account to the state general fund such amounts as have not been donated from or matched by private contributions))~~ program may be used for the college bound scholarship program created in chapter 28B.118 RCW.

Sec. 964. RCW 28C.04.535 and 2011 1st sp.s. c 50 s 930 are each amended to read as follows:

Except for the ~~((2011-12 and 2012-13))~~ 2013-14 and 2014-15 school years, the Washington award for vocational excellence shall be granted annually. The workforce training and education coordinating board shall notify the students receiving the award, their vocational instructors, local chambers of commerce, the legislators of their respective districts, and the governor, after final selections have been made. The workforce training and education coordinating board, in conjunction with the governor's office, shall prepare appropriate certificates to be presented to the selected students. Awards shall be presented in public ceremonies at times and places determined by the workforce training and education coordinating board in cooperation with the office of the governor.

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Sec. 965. RCW 28C.10.082 and 1991 sp.s. c 13 s 85 are each amended to read as follows:

The tuition recovery trust fund is hereby established in the custody of the state treasurer. The agency shall deposit in the fund all moneys received under RCW 28C.10.084. Moneys in the fund may be spent only for the purposes under RCW 28C.10.084. Disbursements from the fund shall be on authorization of the agency. During the 2013-2015 fiscal biennium, the legislature may transfer from the tuition recovery trust fund to the state general fund such amounts as reflect the excess fund balance in the fund. The fund is subject to the allotment procedure provided under chapter 43.88 RCW, but no appropriation is required for disbursements.

Sec. 966. RCW 38.52.540 and 2012 2nd sp.s. c 7 s 915 are each amended to read as follows:

(1) The enhanced 911 account is created in the state treasury. All receipts from the state enhanced 911 excise taxes imposed by RCW 82.14B.030 must be deposited into the account. Moneys in the account must be used only to support the statewide coordination and management of the enhanced 911 system, for the implementation of wireless enhanced 911 statewide, for the modernization of enhanced 911 emergency communications systems statewide, and to help supplement, within available funds, the operational costs of the system, including adequate funding of counties to enable implementation of wireless enhanced 911 service and reimbursement of radio communications service companies for costs incurred in providing wireless enhanced 911 service pursuant to negotiated contracts between the counties or their agents and the radio communications service companies. ~~((For the 2011-2013 fiscal biennium, the account may be used for modernizing narrowband radio capability in the department of corrections.))~~ For the 2013-2015 fiscal biennium, the account may be used for a criminal history system upgrade in the Washington state patrol and for activities and programs in the military department. A county must show just cause, including but not limited to a true and accurate accounting of the funds expended, for any inability to provide reimbursement to radio communications service companies of costs incurred in providing enhanced 911 service.

(2) Funds generated by the enhanced 911 excise tax imposed by RCW 82.14B.030(5) may not be distributed to any county that has not imposed the maximum county enhanced 911 excise tax allowed under RCW 82.14B.030(1). Funds generated by the enhanced 911 excise tax imposed by RCW 82.14B.030(6) may not be distributed to any county that has not imposed the maximum county enhanced 911 excise tax allowed under RCW 82.14B.030(2).

(3) The state enhanced 911 coordinator, with the advice and assistance of the enhanced 911 advisory committee, is authorized to enter into statewide agreements to improve the efficiency of enhanced 911 services for all counties and shall specify by rule the additional purposes for which moneys, if available, may be expended from this account.

Sec. 967. RCW 41.06.280 and 2011 1st sp.s. c 43 s 419 are each amended to read as follows:

There is hereby created a fund within the state treasury, designated as the "personnel service fund," to be used by the office of financial management and the department of enterprise services as a revolving fund for the payment of salaries, wages, and operations required for the administration of the provisions of this chapter, applicable provisions of chapter 41.04 RCW, and chapter 41.60 RCW. An amount not to exceed one and one-half percent of the salaries and wages for all positions in the classified service in each of the agencies subject to this chapter, except the institutions of higher education, shall be charged to the operations appropriations of each agency and credited to the personnel service fund as the allotments are approved pursuant to chapter 43.88 RCW. Subject to the above limitations, the amount shall be charged against the

allotments pro rata, at a rate to be fixed by the director from time to time which, together with income derived from services rendered under RCW 41.06.080, will provide the office of financial management and the department of enterprise services with funds to meet its anticipated expenditures during the allotment period, including the training requirements in RCW 41.06.50041.06.530.

The director shall fix the terms and charges for services rendered by the department of enterprise services and the office of financial management pursuant to RCW 41.06.080, which amounts shall be credited to the personnel service fund and charged against the proper fund or appropriation of the recipient of such services on a monthly basis. Payment for services so rendered under RCW 41.06.080 shall be made on a monthly basis to the state treasurer and deposited in the personnel service fund.

Moneys from the personnel service fund shall be disbursed by the state treasurer by warrants on vouchers duly authorized by the office of financial management and the department of enterprise services.

During the 2013-2015 fiscal biennium, the legislature may transfer from the personnel service fund to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 968. RCW 41.06.280 and 2013 c 251 s 1 are each amended to read as follows:

There is hereby created a fund within the state treasury, designated as the "personnel service fund," to be used by the office of financial management as a revolving fund for the payment of salaries, wages, and operations required for the administration of the provisions of this chapter, applicable provisions of chapter 41.04 RCW, and chapter 41.60 RCW. An amount not to exceed one and one-half percent of the salaries and wages for all positions in the classified service in each of the agencies subject to this chapter, except the institutions of higher education, shall be charged to the operations appropriations of each agency and credited to the personnel service fund as the allotments are approved pursuant to chapter 43.88 RCW. Subject to the above limitations, the amount shall be charged against the allotments pro rata, at a rate to be fixed by the director from time to time which, together with income derived from services rendered under RCW 41.06.080, will provide the office of financial management with funds to meet its anticipated expenditures during the allotment period, including the training requirements in RCW 41.06.50041.06.530. All revenues, net of expenditures, previously derived from services provided by the department of enterprise services under RCW 41.06.080 must be transferred to the enterprise services account.

The director shall fix the terms and charges for services rendered by the office of financial management pursuant to RCW 41.06.080, which amounts shall be credited to the personnel service fund and charged against the proper fund or appropriation of the recipient of such services on a monthly basis. Payment for services so rendered under RCW 41.06.080 shall be made on a monthly basis to the state treasurer and deposited in the personnel service fund.

Moneys from the personnel service fund shall be disbursed by the state treasurer by warrants on vouchers duly authorized by the office of financial management.

During the 2013-2015 fiscal biennium, the legislature may transfer from the personnel service fund to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 969. RCW 41.26.802 and 2008 c 99 s 4 are each amended to read as follows:

(1) By September 30, 2011, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer five million dollars to the local public safety enhancement account.

(2) ((By September 30, 2013, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer ten million dollars to the local public safety enhancement account.

(3)) By September 30, 2015, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer twenty million dollars to the local public safety enhancement account.

((4)) (3) By September 30, 2017, and by September 30 of each odd-numbered year thereafter, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer the lesser of one-third of the increase, or fifty million dollars, to the local public safety enhancement account.

Sec. 970. RCW 41.60.050 and 2011 1st sp.s. c 50 s 937 and 2011 1st sp.s. c 43 s 473 are each reenacted and amended to read as follows:

The legislature shall appropriate from the personnel service fund for the payment of administrative costs of the productivity board. However, during the 2011-2013 and 2013-2015 fiscal ~~((biennium))~~ biennia, the operations of the productivity board shall be suspended.

Sec. 971. RCW 41.80.010 and 2011 1st sp.s. c 50 s 938 and 2011 c 344 s 1 are each reenacted and amended to read as follows:

(1) For the purpose of negotiating collective bargaining agreements under this chapter, the employer shall be represented by the governor or governor's designee, except as provided for institutions of higher education in subsection (4) of this section.

(2)(a) If an exclusive bargaining representative represents more than one bargaining unit, the exclusive bargaining representative shall negotiate with each employer representative as designated in subsection (1) of this section one master collective bargaining agreement on behalf of all the employees in bargaining units that the exclusive bargaining representative represents. For those exclusive bargaining representatives who represent fewer than a total of five hundred employees each, negotiation shall be by a coalition of all those exclusive bargaining representatives. The coalition shall bargain for a master collective bargaining agreement covering all of the employees represented by the coalition. The governor's designee and the exclusive bargaining representative or representatives are authorized to enter into supplemental bargaining of agency-specific issues for inclusion in or as an addendum to the master collective bargaining agreement, subject to the parties' agreement regarding the issues and procedures for supplemental bargaining. This section does not prohibit cooperation and coordination of bargaining between two or more exclusive bargaining representatives.

(b) This subsection (2) does not apply to exclusive bargaining representatives who represent employees of institutions of higher education, except when the institution of higher education has elected to exercise its option under subsection (4) of this section to have its negotiations conducted by the governor or governor's designee under the procedures provided for general government agencies in subsections (1) through (3) of this section.

(c) If five hundred or more employees of an independent state elected official listed in RCW 43.01.010 are organized in a bargaining unit or bargaining units under RCW 41.80.070, the official shall be consulted by the governor or the governor's designee before any agreement is reached under (a) of this subsection concerning supplemental bargaining of agency specific issues affecting the employees in such bargaining unit.

(3) The governor shall submit a request for funds necessary to implement the compensation and fringe benefit provisions in the

master collective bargaining agreement or for legislation necessary to implement the agreement. Requests for funds necessary to implement the provisions of bargaining agreements shall not be submitted to the legislature by the governor unless such requests:

(a) Have been submitted to the director of the office of financial management by October 1 prior to the legislative session at which the requests are to be considered; and

(b) Have been certified by the director of the office of financial management as being feasible financially for the state.

The legislature shall approve or reject the submission of the request for funds as a whole. The legislature shall not consider a request for funds to implement a collective bargaining agreement unless the request is transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060. If the legislature rejects or fails to act on the submission, either party may reopen all or part of the agreement or the exclusive bargaining representative may seek to implement the procedures provided for in RCW 41.80.090.

(4)(a)(i) For the purpose of negotiating agreements for institutions of higher education, the employer shall be the respective governing board of each of the universities, colleges, or community colleges or a designee chosen by the board to negotiate on its behalf.

(ii) A governing board of a university or college may elect to have its negotiations conducted by the governor or governor's designee under the procedures provided for general government agencies in subsections (1) through (3) of this section, except that:

(A) The governor or the governor's designee and an exclusive bargaining representative shall negotiate one master collective bargaining agreement for all of the bargaining units of employees of a university or college that the representative represents; or

(B) If the parties mutually agree, the governor or the governor's designee and an exclusive bargaining representative shall negotiate one master collective bargaining agreement for all of the bargaining units of employees of more than one university or college that the representative represents.

(iii) A governing board of a community college may elect to have its negotiations conducted by the governor or governor's designee under the procedures provided for general government agencies in subsections (1) through (3) of this section.

(b) Prior to entering into negotiations under this chapter, the institutions of higher education or their designees shall consult with the director of the office of financial management regarding financial and budgetary issues that are likely to arise in the impending negotiations.

(c)(i) In the case of bargaining agreements reached between institutions of higher education other than the University of Washington and exclusive bargaining representatives agreed to under the provisions of this chapter, if appropriations are necessary to implement the compensation and fringe benefit provisions of the bargaining agreements, the governor shall submit a request for such funds to the legislature according to the provisions of subsection (3) of this section, except as provided in (c)(iii) of this subsection.

(ii) In the case of bargaining agreements reached between the University of Washington and exclusive bargaining representatives agreed to under the provisions of this chapter, if appropriations are necessary to implement the compensation and fringe benefit provisions of a bargaining agreement, the governor shall submit a request for such funds to the legislature according to the provisions of subsection (3) of this section, except as provided in this subsection (4)(c)(ii) and as provided in (c)(iii) of this subsection.

(A) If appropriations of less than ten thousand dollars are necessary to implement the provisions of a bargaining agreement, a request for such funds shall not be submitted to the legislature by the governor unless the request has been submitted to the director of the office of financial management by October 1 prior to the legislative session at which the request is to be considered.

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(B) If appropriations of ten thousand dollars or more are necessary to implement the provisions of a bargaining agreement, a request for such funds shall not be submitted to the legislature by the governor unless the request:

(I) Has been submitted to the director of the office of financial management by October 1 prior to the legislative session at which the request is to be considered; and

(II) Has been certified by the director of the office of financial management as being feasible financially for the state.

(C) If the director of the office of financial management does not certify a request under (c)(ii)(B) of this subsection as being feasible financially for the state, the parties shall enter into collective bargaining solely for the purpose of reaching a mutually agreed upon modification of the agreement necessary to address the absence of those requested funds. The legislature may act upon the compensation and fringe benefit provisions of the modified collective bargaining agreement if those provisions are agreed upon and submitted to the office of financial management and legislative budget committees before final legislative action on the biennial or supplemental operating budget by the sitting legislature.

(iii) In the case of a bargaining unit of employees of institutions of higher education in which the exclusive bargaining representative is certified during or after the conclusion of a legislative session, the legislature may act upon the compensation and fringe benefit provisions of the unit's initial collective bargaining agreement if those provisions are agreed upon and submitted to the office of financial management and legislative budget committees before final legislative action on the biennial or supplemental operating budget by the sitting legislature.

(5) There is hereby created a joint committee on employment relations, which consists of two members with leadership positions in the house of representatives, representing each of the two largest caucuses; the chair and ranking minority member of the house appropriations committee, or its successor, representing each of the two largest caucuses; two members with leadership positions in the senate, representing each of the two largest caucuses; and the chair and ranking minority member of the senate ways and means committee, or its successor, representing each of the two largest caucuses. The governor shall periodically consult with the committee regarding appropriations necessary to implement the compensation and fringe benefit provisions in the master collective bargaining agreements, and upon completion of negotiations, advise the committee on the elements of the agreements and on any legislation necessary to implement the agreements.

(6) If, after the compensation and fringe benefit provisions of an agreement are approved by the legislature, a significant revenue shortfall occurs resulting in reduced appropriations, as declared by proclamation of the governor or by resolution of the legislature, both parties shall immediately enter into collective bargaining for a mutually agreed upon modification of the agreement.

(7) After the expiration date of a collective bargaining agreement negotiated under this chapter, all of the terms and conditions specified in the collective bargaining agreement remain in effect until the effective date of a subsequently negotiated agreement, not to exceed one year from the expiration date stated in the agreement. Thereafter, the employer may unilaterally implement according to law.

(8) For the ~~((2011-2013))~~ 2013-2015 fiscal biennium, a collective bargaining agreement related to employee health care benefits negotiated between the employer and coalition pursuant to RCW 41.80.020(3) regarding the dollar amount expended on behalf of each employee shall be a separate agreement for which the governor may request funds necessary to implement the agreement. ~~((If such an agreement is negotiated and funded by the legislature, this agreement will supersede any terms and conditions of an~~

~~expired 2009-2011 biennial master collective bargaining agreement under this chapter regarding health care benefits.))~~ The legislature may act upon a 2013-2015 collective bargaining agreement related to employee health care benefits if an agreement is reached and submitted to the office of financial management and legislative budget committees before final legislative action on the biennial or supplemental operating appropriations act by the sitting legislature.

Sec. 972. RCW 41.80.020 and 2011 1st sp.s. c 50 s 939 and 2011 1st sp.s. c 43 s 445 are each reenacted and amended to read as follows:

(1) Except as otherwise provided in this chapter, the matters subject to bargaining include wages, hours, and other terms and conditions of employment, and the negotiation of any question arising under a collective bargaining agreement.

(2) The employer is not required to bargain over matters pertaining to:

(a) Health care benefits or other employee insurance benefits, except as required in subsection (3) of this section;

(b) Any retirement system or retirement benefit; or

(c) Rules of the human resources director, the director of enterprise services, or the Washington personnel resources board adopted under RCW 41.06.157.

(3) Matters subject to bargaining include the number of names to be certified for vacancies, promotional preferences, and the dollar amount expended on behalf of each employee for health care benefits. However, except as provided otherwise in this subsection for institutions of higher education, negotiations regarding the number of names to be certified for vacancies, promotional preferences, and the dollar amount expended on behalf of each employee for health care benefits shall be conducted between the employer and one coalition of all the exclusive bargaining representatives subject to this chapter. The exclusive bargaining representatives for employees that are subject to chapter 47.64 RCW shall bargain the dollar amount expended on behalf of each employee for health care benefits with the employer as part of the coalition under this subsection. Any such provision agreed to by the employer and the coalition shall be included in all master collective bargaining agreements negotiated by the parties. For institutions of higher education, promotional preferences and the number of names to be certified for vacancies shall be bargained under the provisions of RCW 41.80.010(4). For agreements covering the ~~((2011-2013))~~ 2013-2015 fiscal biennium, any agreement between the employer and the coalition regarding the dollar amount expended on behalf of each employee for health care benefits is a separate agreement and shall not be included in the master collective bargaining agreements negotiated by the parties.

(4) The employer and the exclusive bargaining representative shall not agree to any proposal that would prevent the implementation of approved affirmative action plans or that would be inconsistent with the comparable worth agreement that provided the basis for the salary changes implemented beginning with the 1983-1985 biennium to achieve comparable worth.

(5) The employer and the exclusive bargaining representative shall not bargain over matters pertaining to management rights established in RCW 41.80.040.

(6) Except as otherwise provided in this chapter, if a conflict exists between an executive order, administrative rule, or agency policy relating to wages, hours, and terms and conditions of employment and a collective bargaining agreement negotiated under this chapter, the collective bargaining agreement shall prevail. A provision of a collective bargaining agreement that conflicts with the terms of a statute is invalid and unenforceable.

(7) This section does not prohibit bargaining that affects contracts authorized by RCW 41.06.142.

Sec. 973. RCW 43.08.190 and 2011 1st sp.s. c 50 s 941 are each amended to read as follows:

There is hereby created a fund within the state treasury to be known as the "state treasurer's service fund." Such fund shall be used solely for the payment of costs and expenses incurred in the operation and administration of the state treasurer's office.

Moneys shall be allocated monthly and placed in the state treasurer's service fund equivalent to a maximum of one percent of the trust and treasury average daily cash balances from the earnings generated under the authority of RCW 43.79A.040 and 43.84.080 other than earnings generated from investment of balances in funds and accounts specified in RCW 43.79A.040(4)(c). The allocation shall precede the distribution of the remaining earnings as prescribed under RCW 43.79A.040 and 43.84.092. The state treasurer shall establish a uniform allocation rate for all funds and accounts; except that the state treasurer may negotiate a different allocation rate with any state agency that has independent authority over funds not statutorily required to be held in the state treasury or in the custody of the state treasurer. In no event shall the rate be less than the actual costs incurred by the state treasurer's office. If no rate is separately negotiated, the default rate for any funds held shall be the rate set for funds held pursuant to statute.

During the 2009-2011 fiscal biennium and the 2011-2013 and 2013-2015 fiscal ((biennium)) biennia, the legislature may transfer from the state treasurer's service fund to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 974. RCW 43.09.475 and 2011 1st sp.s. c 50 s 942 are each amended to read as follows:

The performance audits of government account is hereby created in the custody of the state treasurer. Revenue identified in RCW 82.08.020(5) and 82.12.0201 shall be deposited in the account. Money in the account shall be used to fund the performance audits and follow-up performance audits under RCW 43.09.470 and shall be expended by the state auditor in accordance with chapter 1, Laws of 2006. Only the state auditor or the state auditor's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. ~~((During the 2009-2011 fiscal biennium, the legislature may transfer from the performance audits of government account to the state general fund such amounts as deemed to be appropriate or necessary.))~~ During ~~((the))~~ the 2011-2013 and the 2013-2015 fiscal ((biennium)) biennia, the performance audits of government account may be appropriated for fraud investigations in the state auditor's office and the department of social and health services, audit and collection functions in the department of revenue, the joint legislative audit and review committee, the office of financial management, the superintendent of public instruction and audits of school districts. In addition, during the 2011-2013 and 2013-2015 fiscal ((biennium)) biennia the account may be used to fund the office of financial management's contract for the compliance audit of the state auditor.

Sec. 975. RCW 43.10.150 and 1974 ex.s. c 146 s 1 are each amended to read as follows:

A legal services revolving fund is hereby created in the state treasury for the purpose of a centralized funding, accounting, and distribution of the actual costs of the legal services provided to agencies of the state government by the attorney general. During the 2013-2015 fiscal biennium, the legislature may transfer from the legal services revolving account to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 976. RCW 43.19.791 and 2011 2nd sp.s. c 9 s 906 are each amended to read as follows:

There is created a revolving fund to be known as the data processing revolving fund in the custody of the state treasurer. The revolving fund shall be used for the acquisition of equipment,

software, supplies, and services and the payment of salaries, wages, and other costs incidental to the acquisition, development, operation, and administration of information services, telecommunications, systems, software, supplies and equipment, including the payment of principal and interest on bonds issued for capital projects, by the department, Washington State University's computer services center, the department of enterprise services' personnel information systems group and financial systems management group, and other users as determined by the office of financial management. The revolving fund is subject to the allotment procedure provided under chapter 43.88 RCW. The chief information officer or the chief information officer's designee, with the approval of the technology services board, is authorized to expend up to one million dollars per fiscal biennium for the technology services board to conduct independent technical and financial analysis of proposed information technology projects, and such an expenditure does not require an appropriation. Disbursements from the revolving fund for the services component of the department are not subject to appropriation. Disbursements for the strategic planning and policy component of the department are subject to appropriation. All disbursements from the fund are subject to the allotment procedures provided under chapter 43.88 RCW. The department shall establish and implement a billing structure to assure all agencies pay an equitable share of the costs.

During the 2011-2013 and the 2013-2015 fiscal ((biennium)) biennia, the legislature may transfer from the data processing revolving account to the state general fund such amounts as reflect the excess fund balance and may use the data processing revolving account for information technology projects.

As used in this section, the word "supplies" shall not be interpreted to delegate or abrogate the division of purchasing's responsibilities and authority to purchase supplies as described in RCW 43.19.190 and 43.19.200.

Sec. 977. RCW 43.24.150 and 2011 c 298 s 25 are each amended to read as follows:

(1) The business and professions account is created in the state treasury. All receipts from business or professional licenses, registrations, certifications, renewals, examinations, or civil penalties assessed and collected by the department from the following chapters must be deposited into the account:

- (a) Chapter 18.11 RCW, auctioneers;
- (b) Chapter 18.16 RCW, cosmetologists, barbers, and manicurists;
- (c) Chapter 18.145 RCW, court reporters;
- (d) Chapter 18.165 RCW, private investigators;
- (e) Chapter 18.170 RCW, security guards;
- (f) Chapter 18.185 RCW, bail bond agents;
- (g) Chapter 18.280 RCW, home inspectors;
- (h) Chapter 19.16 RCW, collection agencies;
- (i) Chapter 19.31 RCW, employment agencies;
- (j) Chapter 19.105 RCW, camping resorts;
- (k) Chapter 19.138 RCW, sellers of travel;
- (l) Chapter 42.44 RCW, notaries public;
- (m) Chapter 64.36 RCW, timeshares;
- (n) Chapter 67.08 RCW, boxing, martial arts, and wrestling;
- (o) Chapter 18.300 RCW, body art, body piercing, and tattooing;
- (p) Chapter 79A.60 RCW, whitewater river outfitters; and
- (q) Chapter 19.158 RCW, commercial telephone solicitation.

Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for expenses incurred in carrying out these business and professions licensing activities of the department. Any residue in the account must be accumulated and may not revert to the general fund at the end of the biennium. However, during the 2013-2015 fiscal biennium the

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legislature may transfer to the state general fund such amounts as reflect the excess fund balance in the account.

(2) The director must biennially prepare a budget request based on the anticipated costs of administering the business and professions licensing activities listed in subsection (1) of this section, which must include the estimated income from these business and professions fees.

Sec. 978. RCW 43.24.150 and 2013 c 322 s 30 are each amended to read as follows:

(1) The business and professions account is created in the state treasury. All receipts from business or professional licenses, registrations, certifications, renewals, examinations, or civil penalties assessed and collected by the department from the following chapters must be deposited into the account:

- (a) Chapter 18.11 RCW, auctioneers;
- (b) Chapter 18.16 RCW, cosmetologists, barbers, and manicurists;
- (c) Chapter 18.145 RCW, court reporters;
- (d) Chapter 18.165 RCW, private investigators;
- (e) Chapter 18.170 RCW, security guards;
- (f) Chapter 18.185 RCW, bail bond agents;
- (g) Chapter 18.280 RCW, home inspectors;
- (h) Chapter 19.16 RCW, collection agencies;
- (i) Chapter 19.31 RCW, employment agencies;
- (j) Chapter 19.105 RCW, camping resorts;
- (k) Chapter 19.138 RCW, sellers of travel;
- (l) Chapter 42.44 RCW, notaries public;
- (m) Chapter 64.36 RCW, timeshares;
- (n) Chapter 67.08 RCW, boxing, martial arts, and wrestling;
- (o) Chapter 18.300 RCW, body art, body piercing, and tattooing;
- (p) Chapter 79A.60 RCW, whitewater river outfitters;
- (q) Chapter 19.158 RCW, commercial telephone solicitation; and
- (r) Chapter 19.290 RCW, scrap metal businesses.

Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for expenses incurred in carrying out these business and professions licensing activities of the department. Any residue in the account must be accumulated and may not revert to the general fund at the end of the biennium. However, during the 2013-2015 fiscal biennium the legislature may transfer to the state general fund such amounts as reflect the excess fund balance in the account.

(2) The director must biennially prepare a budget request based on the anticipated costs of administering the business and professions licensing activities listed in subsection (1) of this section, which must include the estimated income from these business and professions fees.

Sec. 979. RCW 43.79.445 and 2005 c 166 s 3 are each amended to read as follows:

There is established an account in the state treasury referred to as the "death investigations account" which shall exist for the purpose of receiving, holding, investing, and disbursing funds appropriated or provided in RCW 70.58.107 and any moneys appropriated or otherwise provided thereafter.

Moneys in the death investigations account shall be disbursed by the state treasurer once every year on December 31 and at any other time determined by the treasurer. The treasurer shall make disbursements to: The state toxicology laboratory, counties for the cost of autopsies, the state patrol for providing partial funding for the state dental identification system, the criminal justice training commission for training county coroners, medical examiners and their staff, and the state forensic investigations council. ~~(Funds from the death investigations account may be appropriated during the 1997-99 biennium for the purposes of statewide child mortality~~

~~reviews administered by the department of health.)) Funds from the death investigations account may be appropriated during the 2013-2015 fiscal biennium for the activities of the state crime laboratory within the Washington state patrol.~~

Sec. 980. RCW 43.79.480 and 2011 1st sp.s. c 50 s 947 are each amended to read as follows:

(1) Moneys received by the state of Washington in accordance with the settlement of the state's legal action against tobacco product manufacturers, exclusive of costs and attorneys' fees, shall be deposited in the tobacco settlement account created in this section except as these moneys are sold or assigned under chapter 43.340 RCW.

(2) The tobacco settlement account is created in the state treasury. Moneys in the tobacco settlement account may only be transferred to the state general fund, and to the tobacco prevention and control account for purposes set forth in this section. The legislature shall transfer amounts received as strategic contribution payments as defined in RCW 43.350.010 to the life sciences discovery fund created in RCW 43.350.070. During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may transfer less than the entire strategic contribution payments, and may transfer amounts attributable to strategic contribution payments into the basic health plan stabilization account. During the 2013-2015 fiscal biennium, the legislature may transfer less than the entire strategic contribution payments, and may transfer amounts attributable to strategic contribution payments into the state general fund.

(3) The tobacco prevention and control account is created in the state treasury. The source of revenue for this account is moneys transferred to the account from the tobacco settlement account, investment earnings, donations to the account, and other revenues as directed by law. Expenditures from the account are subject to appropriation. During the 2009-2011 fiscal biennium, the legislature may transfer from the tobacco prevention and control account to the state general fund such amounts as represent the excess fund balance of the account.

Sec. 981. RCW 43.82.010 and 2007 c 506 s 8 are each amended to read as follows:

(1) The director of (~~general administration~~) enterprise services, on behalf of the agency involved and after consultation with the office of financial management, shall purchase, lease, lease purchase, rent, or otherwise acquire all real estate, improved or unimproved, as may be required by elected state officials, institutions, departments, commissions, boards, and other state agencies, or federal agencies where joint state and federal activities are undertaken and may grant easements and transfer, exchange, sell, lease, or sublease all or part of any surplus real estate for those state agencies which do not otherwise have the specific authority to dispose of real estate. This section does not transfer financial liability for the acquired property to the department of (~~general administration~~) enterprise services.

(2) Except for real estate occupied by federal agencies, the director shall determine the location, size, and design of any real estate or improvements thereon acquired or held pursuant to subsection (1) of this section. Facilities acquired or held pursuant to this chapter, and any improvements thereon, shall conform to standards adopted by the director and approved by the office of financial management governing facility efficiency unless a specific exemption from such standards is provided by the director of (~~general administration~~) enterprise services. The director of (~~general administration~~) enterprise services shall report to the office of financial management and the appropriate committees of the legislature annually on any exemptions granted pursuant to this subsection.

(3) The director of ~~((general administration))~~ enterprise services may fix the terms and conditions of each lease entered into under this chapter, except that no lease shall extend greater than twenty years in duration. The director of ~~((general administration))~~ enterprise services may enter into a long-term lease greater than ten years in duration upon a determination by the director of the office of financial management that the long-term lease provides a more favorable rate than would otherwise be available, it appears to a substantial certainty that the facility is necessary for use by the state for the full length of the lease term, and the facility meets the standards adopted pursuant to subsection (2) of this section. The director of ~~((general administration))~~ enterprise services may enter into a long-term lease greater than ten years in duration if an analysis shows that the life-cycle cost of leasing the facility is less than the life-cycle cost of purchasing or constructing a facility in lieu of leasing the facility.

(4) Except as permitted under chapter 39.94 RCW, no lease for or on behalf of any state agency may be used or referred to as collateral or security for the payment of securities offered for sale through a public offering. Except as permitted under chapter 39.94 RCW, no lease for or on behalf of any state agency may be used or referred to as collateral or security for the payment of securities offered for sale through a private placement without the prior written approval of the state treasurer. However, this limitation shall not prevent a lessor from assigning or encumbering its interest in a lease as security for the repayment of a promissory note provided that the transaction would otherwise be an exempt transaction under RCW 21.20.320. The state treasurer shall adopt rules that establish the criteria under which any such approval may be granted. In establishing such criteria the state treasurer shall give primary consideration to the protection of the state's credit rating and the integrity of the state's debt management program. If it appears to the state treasurer that any lease has been used or referred to in violation of this subsection or rules adopted under this subsection, then he or she may recommend that the governor cause such lease to be terminated. The department of ~~((general administration))~~ enterprise services shall promptly notify the state treasurer whenever it may appear to the department that any lease has been used or referred to in violation of this subsection or rules adopted under this subsection.

(5) It is the policy of the state to encourage the colocation and consolidation of state services into single or adjacent facilities, whenever appropriate, to improve public service delivery, minimize duplication of facilities, increase efficiency of operations, and promote sound growth management planning.

(6) The director of ~~((general administration))~~ enterprise services shall provide coordinated long-range planning services to identify and evaluate opportunities for colocating and consolidating state facilities. Upon the renewal of any lease, the inception of a new lease, or the purchase of a facility, the director of ~~((general administration))~~ enterprise services shall determine whether an opportunity exists for colocating the agency or agencies in a single facility with other agencies located in the same geographic area. If a colocation opportunity exists, the director of ~~((general administration))~~ enterprise services shall consult with the affected state agencies and the office of financial management to evaluate the impact colocation would have on the cost and delivery of agency programs, including whether program delivery would be enhanced due to the centralization of services. The director of ~~((general administration))~~ enterprise services, in consultation with the office of financial management, shall develop procedures for implementing colocation and consolidation of state facilities.

(7) The director of ~~((general administration))~~ enterprise services is authorized to purchase, lease, rent, or otherwise acquire improved or unimproved real estate as owner or lessee and to lease or sublet all or a part of such real estate to state or federal agencies. The

director of ~~((general administration))~~ enterprise services shall charge each using agency its proportionate rental which shall include an amount sufficient to pay all costs, including, but not limited to, those for utilities, janitorial and accounting services, and sufficient to provide for contingencies; which shall not exceed five percent of the average annual rental, to meet unforeseen expenses incident to management of the real estate.

(8) If the director of ~~((general administration))~~ enterprise services determines that it is necessary or advisable to undertake any work, construction, alteration, repair, or improvement on any real estate acquired pursuant to subsection (1) or (7) of this section, the director shall cause plans and specifications thereof and an estimate of the cost of such work to be made and filed in his or her office and the state agency benefiting thereby is hereby authorized to pay for such work out of any available funds: PROVIDED, That the cost of executing such work shall not exceed the sum of twenty-five thousand dollars. Work, construction, alteration, repair, or improvement in excess of twenty-five thousand dollars, other than that done by the owner of the property if other than the state, shall be performed in accordance with the public works law of this state.

(9) In order to obtain maximum utilization of space, the director of ~~((general administration))~~ enterprise services shall make space utilization studies, and shall establish standards for use of space by state agencies. Such studies shall include the identification of opportunities for colocation and consolidation of state agency office and support facilities.

(10) The director of ~~((general administration))~~ enterprise services may construct new buildings on, or improve existing facilities, and furnish and equip, all real estate under his or her management. Prior to the construction of new buildings or major improvements to existing facilities or acquisition of facilities using a lease purchase contract, the director of ~~((general administration))~~ enterprise services shall conduct an evaluation of the facility design and budget using life-cycle cost analysis, value-engineering, and other techniques to maximize the long-term effectiveness and efficiency of the facility or improvement.

(11) All conveyances and contracts to purchase, lease, rent, transfer, exchange, or sell real estate and to grant and accept easements shall be approved as to form by the attorney general, signed by the director of ~~((general administration))~~ enterprise services or the director's designee, and recorded with the county auditor of the county in which the property is located.

(12) The director of ~~((general administration))~~ enterprise services may delegate any or all of the functions specified in this section to any agency upon such terms and conditions as the director deems advisable. By January 1st of each year, beginning January 1, 2008, the department shall submit an annual report to the office of financial management and the appropriate committees of the legislature on all delegated leases.

(13) This section does not apply to the acquisition of real estate by:

(a) The state college and universities for research or experimental purposes;

(b) The state liquor control board for liquor stores and warehouses; ~~(and)~~

(c) The department of natural resources, the department of fish and wildlife, the department of transportation, and the state parks and recreation commission for purposes other than the leasing of offices, warehouses, and real estate for similar purposes; ~~and~~

(d) The department of commerce for community college health career training programs, offices for the department of commerce or other appropriate state agencies, and other nonprofit community uses, including community meeting and training facilities, where the real estate is acquired during the 2013-2015 fiscal biennium.

(14) Notwithstanding any provision in this chapter to the contrary, the department of ~~((general administration))~~ enterprise

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services may negotiate ground leases for public lands on which property is to be acquired under a financing contract pursuant to chapter 39.94 RCW under terms approved by the state finance committee.

(15) The department of (~~general administration~~) enterprise services shall report annually to the office of financial management and the appropriate fiscal committees of the legislature on facility leases executed for all state agencies for the preceding year, lease terms, and annual lease costs. The report must include leases executed under RCW 43.82.045 and subsection (12) of this section.

Sec. 982. RCW 43.101.200 and 2011 1st sp.s. c 50 s 949 are each amended to read as follows:

(1) All law enforcement personnel, except volunteers, and reserve officers whether paid or unpaid, initially employed on or after January 1, 1978, shall engage in basic law enforcement training which complies with standards adopted by the commission pursuant to RCW 43.101.080. For personnel initially employed before January 1, 1990, such training shall be successfully completed during the first fifteen months of employment of such personnel unless otherwise extended or waived by the commission and shall be requisite to the continuation of such employment. Personnel initially employed on or after January 1, 1990, shall commence basic training during the first six months of employment unless the basic training requirement is otherwise waived or extended by the commission. Successful completion of basic training is requisite to the continuation of employment of such personnel initially employed on or after January 1, 1990.

(2) Except as otherwise provided in this chapter, the commission shall provide the aforementioned training together with necessary facilities, supplies, materials, and the board and room of noncommuting attendees for seven days per week, except during the (~~2011-2013~~) 2013-2015 fiscal biennium when the employing, county, city(~~(s)~~), or state law enforcement agency shall reimburse the commission for twenty-five percent of the cost of training its personnel. Additionally, to the extent funds are provided for this purpose, the commission shall reimburse to participating law enforcement agencies with ten or less full-time commissioned patrol officers the cost of temporary replacement of each officer who is enrolled in basic law enforcement training: PROVIDED, That such reimbursement shall include only the actual cost of temporary replacement not to exceed the total amount of salary and benefits received by the replaced officer during his or her training period.

Sec. 983. RCW 43.155.050 and 2012 2nd sp.s. c 2 s 6004 are each amended to read as follows:

The public works assistance account is hereby established in the state treasury. Money may be placed in the public works assistance account from the proceeds of bonds when authorized by the legislature or from any other lawful source. Money in the public works assistance account shall be used to make loans and to give financial guarantees to local governments for public works projects. Moneys in the account may also be appropriated to provide for state match requirements under federal law for projects and activities conducted and financed by the board under the drinking water assistance account. Not more than fifteen percent of the biennial capital budget appropriation to the public works board from this account may be expended or obligated for preconstruction loans, emergency loans, or loans for capital facility planning under this chapter; of this amount, not more than ten percent of the biennial capital budget appropriation may be expended for emergency loans and not more than one percent of the biennial capital budget appropriation may be expended for capital facility planning loans. During the 2011-2013 and 2013-2015 fiscal biennium, the legislature may transfer from the public works assistance account to the general fund, the water pollution control revolving account, and the drinking water assistance account such amounts as reflect the

excess fund balance of the account. During the 2011-2013 fiscal biennium, the legislature may appropriate moneys from the account for economic development, innovation, and export grants, including brownfields; main street improvement grants; and the loan program consolidation board. During the 2013-2015 fiscal biennium, the legislature may transfer from the public works assistance account to the education legacy trust account such amounts as specified by the legislature.

Sec. 984. RCW 43.325.040 and 2009 c 564 s 942 and 2009 c 451 s 5 are each reenacted and amended to read as follows:

(1) The energy freedom account is created in the state treasury. All receipts from appropriations made to the account and any loan payments of principal and interest derived from loans made under the energy freedom account must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for financial assistance for further funding for projects consistent with this chapter or otherwise authorized by the legislature.

(2) The green energy incentive account is created in the state treasury as a subaccount of the energy freedom account. All receipts from appropriations made to the green energy incentive account shall be deposited into the account, and may be spent only after appropriation. Expenditures from the account may be used only for:

(a) Refueling projects awarded under this chapter;

(b) Pilot projects for plug-in hybrids, including grants provided for the electrification program set forth in RCW 43.325.110; and

(c) Demonstration projects developed with state universities as defined in RCW 28B.10.016 and local governments that result in the design and building of a hydrogen vehicle fueling station.

(3)(a) The energy recovery act account is created in the state treasury. State and federal funds may be deposited into the account and any loan payments of principal and interest derived from loans made from the energy recovery act account must be deposited into the account. Moneys in the account may be spent only after appropriation.

(b) Expenditures from the account may be used only for loans, loan guarantees, and grants that encourage the establishment of innovative and sustainable industries for renewable energy and energy efficiency technology, including but not limited to:

(i) Renewable energy projects or programs that require interim financing to complete project development and implementation;

(ii) Companies with innovative, near-commercial or commercial, clean energy technology; and

(iii) Energy efficiency technologies that have a viable repayment stream from reduced utility costs.

(c) The director shall establish policies and procedures for processing, reviewing, and approving applications for funding under this section. When developing these policies and procedures, the department must consider the clean energy leadership strategy developed under section 2, chapter 318, Laws of 2009.

(d) The director shall enter into agreements with approved applicants to fix the term and rates of funding provided from this account.

(e) The policies and procedures of this subsection (3) do not apply to assistance awarded for projects under RCW 43.325.020(3).

(4) Any state agency receiving funding from the energy freedom account is prohibited from retaining greater than three percent of any funding provided from the energy freedom account for administrative overhead or other deductions not directly associated with conducting the research, projects, or other end products that the funding is designed to produce unless this provision is waived in writing by the director.

(5) Any university, institute, or other entity that is not a state agency receiving funding from the energy freedom account is prohibited from retaining greater than fifteen percent of any funding provided from the energy freedom account for administrative overhead or other deductions not directly associated with conducting the research, projects, or other end products that the funding is designed to produce.

(6) Subsections (2), (4), and (5) of this section do not apply to assistance awarded for projects under RCW 43.325.020(3).

(7) During the ~~((2009-2011))~~ 2013-2015 fiscal biennium, the legislature may transfer from the energy freedom account to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 985. RCW 46.66.080 and 2011 1st sp.s. c 50 s 958 are each amended to read as follows:

(1) The Washington auto theft prevention authority account is created in the state treasury, subject to appropriation. All revenues from the traffic infraction surcharge in RCW 46.63.110(7)(b) and all receipts from gifts, grants, bequests, devises, or other funds from public and private sources to support the activities of the auto theft prevention authority must be deposited into the account. Expenditures from the account may be used only for activities relating to motor vehicle theft, including education, prevention, law enforcement, investigation, prosecution, and confinement. During the ~~((2009-2011 and))~~ 2011-2013 and 2013-2015 fiscal biennia, the legislature may appropriate moneys from the Washington auto theft prevention authority account for criminal justice purposes and community building and may transfer funds to the state general fund such amounts as reflect the excess fund balance of the account.

(2) The authority shall allocate moneys appropriated from the account to public agencies for the purpose of establishing, maintaining, and supporting programs that are designed to prevent motor vehicle theft, including:

(a) Financial support to prosecution agencies to increase the effectiveness of motor vehicle theft prosecution;

(b) Financial support to a unit of local government or a team consisting of units of local governments to increase the effectiveness of motor vehicle theft enforcement;

(c) Financial support for the procurement of equipment and technologies for use by law enforcement agencies for the purpose of enforcing motor vehicle theft laws; and

(d) Financial support for programs that are designed to educate and assist the public in the prevention of motor vehicle theft.

(3) The costs of administration shall not exceed ten percent of the moneys in the account in any one year so that the greatest possible portion of the moneys available to the authority is expended on combating motor vehicle theft.

(4) Prior to awarding any moneys from the Washington auto theft prevention authority account for motor vehicle theft enforcement, the auto theft prevention authority must verify that the financial award includes sufficient funding to cover proposed activities, which include, but are not limited to: (a) State, municipal, and county offender and juvenile confinement costs; (b) administration costs; (c) law enforcement costs; (d) prosecutor costs; and (e) court costs, with a priority being given to ensuring that sufficient funding is available to cover state, municipal, and county offender and juvenile confinement costs.

(5) Moneys expended from the Washington auto theft prevention authority account under subsection (2) of this section shall be used to supplement, not supplant, other moneys that are available for motor vehicle theft prevention.

(6) Grants provided under subsection (2) of this section constitute reimbursement for purposes of RCW 43.135.060(1).

Sec. 986. RCW 46.68.340 and 2008 c 282 s 3 are each amended to read as follows:

The ignition interlock device revolving account is created in the state treasury. All receipts from the fee assessed under RCW 46.20.385(6) must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for administering and operating the ignition interlock device revolving account program and during the 2013-2015 fiscal biennium, the legislature may appropriate moneys from the ignition interlock device revolving account for substance abuse programs for offenders.

Sec. 987. RCW 67.70.190 and 2009 c 564 s 949 are each amended to read as follows:

Unclaimed prizes shall be retained in the state lottery account for the person entitled thereto for one hundred eighty days after the drawing in which the prize is won, or after the official end of the game for instant prizes. If no claim is made for the prize within this time, all rights to the prize shall be extinguished, and the prize shall be retained in the state lottery fund for further use as prizes, except that one-third of all unclaimed prize money shall be deposited in the economic development strategic reserve account created in RCW 43.330.250.

On July 1, 2009, June 30, 2010, and June 30, 2011, all unclaimed prize money retained in the state lottery ~~((fund account))~~ account in excess of three million dollars, excluding amounts distributed to the economic development strategic reserve account, shall be transferred into the state general fund.

During the 2013-2015 fiscal biennium, the legislature may transfer to the education legacy trust account such amounts as reflect the excess fund balance in the state lottery account from unclaimed prizes.

Sec. 988. RCW 70.42.090 and 1989 c 386 s 10 are each amended to read as follows:

(1) The department shall establish a schedule of fees for license applications, renewals, amendments, and waivers. In fixing said fees, the department shall set the fees at a sufficient level to defray the cost of administering the licensure program. All such fees shall be fixed by rule adopted in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW. In determining the fee schedule, the department shall consider the following: (a) Complexity of the license required; (b) number and type of tests performed at the test site; (c) degree of supervision required from the department staff; (d) whether the license is granted under RCW 70.42.040; and (e) general administrative costs of the test site licensing program established under this chapter. For each category of license, fees charged shall be related to program costs.

(2) The medical test site licensure account is created in the state treasury. The state treasurer shall transfer into the medical test site licensure account all revenue received from medical test site licensure fees. Funds for this account may only be appropriated for the support of the activities defined under this chapter. For the 2013-2015 fiscal biennium, moneys in the account may be spent for laboratory services in the department of health.

(3) The department may establish separate fees for repeat inspections and repeat audits it performs under RCW 70.42.170.

Sec. 989. RCW 70.93.180 and 2011 1st sp.s. c 50 s 963 are each amended to read as follows:

(1) There is hereby created an account within the state treasury to be known as the ~~((“))~~ waste reduction, recycling, and litter control account ~~((“))~~. Moneys in the account may be spent only after appropriation. Expenditures from the waste reduction, recycling, and litter control account shall be used as follows:

(a) Fifty percent to the department of ecology, for use by the departments of ecology, natural resources, revenue, transportation, and corrections, and the parks and recreation commission, for use in litter collection programs, to be distributed under RCW 70.93.220. The amount to the department of ecology shall also be used for a central coordination function for litter control efforts statewide ~~((“))~~;

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for the biennial litter survey under RCW 70.93.200(8)~~((and))~~; for statewide public awareness programs under RCW 70.93.200(7); and during the 2013-2015 biennium, to support employment of youth in litter clean up as intended in RCW 70.93.020, and for litter pick up using other authorized agencies. The amount to the department shall also be used to defray the costs of administering the funding, coordination, and oversight of local government programs for waste reduction, litter control, and recycling, so that local governments can apply one hundred percent of their funding to achieving program goals. The amount to the department of revenue shall be used to enforce compliance with the litter tax imposed in chapter 82.19 RCW;

(b) Twenty percent to the department: (i) For local government funding programs for waste reduction, litter control, and recycling activities by cities and counties under RCW 70.93.250, to be administered by the department of ecology; and (ii) during the 2013-2015 biennium, to create a matching fund competitive grant program to be used by local governments and nonprofit organizations for local or statewide education programs designed to help the public with litter reduction, and recycling of primarily the products taxed under chapter 82.19 RCW. Unspent funds from (a) and (c) of this subsection may be applied to the competitive grant program; and

(c) Thirty percent to the department of ecology for waste reduction and recycling efforts. During the 2013-2015 biennium, these funds are to be used to: (i) Implement activities under RCW 70.93.200 for waste reduction, recycling efforts; (ii) provide technical assistance to local governments for commercial business and residential recycling programs primarily for the products taxed under chapter 82.19 RCW designed to educate citizens about waste and litter reduction and recyclable products and programs; and (iii) increase access to recycling programs, particularly for food packaging and plastic bags and appropriate techniques of discarding products.

(2) All taxes imposed in RCW 82.19.010 and fines and bail forfeitures collected or received pursuant to this chapter shall be deposited in the waste reduction, recycling, and litter control account and used for the programs under subsection (1) of this section.

(3) Not less than five percent and no more than ten percent of the amount appropriated into the waste reduction, recycling, and litter control account every biennium shall be reserved for capital needs, including the purchase of vehicles for transporting crews and for collecting litter and solid waste. Capital funds shall be distributed among state agencies and local governments according to the same criteria provided in RCW 70.93.220 for the remainder of the funds, so that the most effective waste reduction, litter control, and recycling programs receive the most funding. The intent of this subsection is to provide funds for the purchase of equipment that will enable the department to account for the greatest return on investment in terms of reaching a zero litter goal.

(4) ~~(During the 2009-2011 fiscal biennium, the legislature may transfer from the waste reduction, recycling, and litter control account to the state general fund such amounts as reflect the excess fund balance of the account. Additionally, during the 2009-2011 fiscal biennium, subsection (1)(a), (b), and (c) of this section is suspended.~~

~~(5)) During the 2011-2013 fiscal biennium, the legislature may transfer from the waste reduction, recycling, and litter control account to the state general fund such amounts as reflect the excess fund balance of the account. Additionally, during the 2011-2013 fiscal biennium, subsection (1)(a), (b), and (c) of this section is suspended.~~

(5) During the 2013-2015 biennium, funds in the waste reduction, recycling, and litter control account, collected under chapter 82.19

RCW, must be prioritized for the products identified under RCW 82.19.020 solely for the purposes of recycling and litter collection, reduction, and control programs.

(6) During the 2013-2015 biennium, the legislature may appropriate funds from the waste reduction, recycling, and litter control account to the state parks and recreation commission for parks operation and maintenance.

Sec. 990. RCW 70.96A.350 and 2011 2nd sp.s. c 9 s 910 are each amended to read as follows:

(1) The criminal justice treatment account is created in the state treasury. Moneys in the account may be expended solely for: (a) Substance abuse treatment and treatment support services for offenders with an addiction or a substance abuse problem that, if not treated, would result in addiction, against whom charges are filed by a prosecuting attorney in Washington state; (b) the provision of drug and alcohol treatment services and treatment support services for nonviolent offenders within a drug court program; (c) the administrative and overhead costs associated with the operation of a drug court; and (d) during the 2011-2013 biennium, the legislature may appropriate up to three million dollars from the account in order to offset reductions in the state general fund for treatment services provided by counties. This amount is not subject to the requirements of subsections (5) through (9) of this section. During the 2013-2015 fiscal biennium, the legislature may transfer from the criminal justice treatment account to the state general fund amounts as reflect the state savings associated with the implementation of the medicaid expansion of the federal affordable care act. Moneys in the account may be spent only after appropriation.

(2) For purposes of this section:

(a) "Treatment" means services that are critical to a participant's successful completion of his or her substance abuse treatment program, but does not include the following services: Housing other than that provided as part of an inpatient substance abuse treatment program, vocational training, and mental health counseling; and

(b) "Treatment support" means transportation to or from inpatient or outpatient treatment services when no viable alternative exists, and child care services that are necessary to ensure a participant's ability to attend outpatient treatment sessions.

(3) Revenues to the criminal justice treatment account consist of: (a) Funds transferred to the account pursuant to this section; and (b) any other revenues appropriated to or deposited in the account.

(4)(a) For the fiscal biennium beginning July 1, 2003, the state treasurer shall transfer eight million nine hundred fifty thousand dollars from the general fund into the criminal justice treatment account, divided into eight equal quarterly payments. For the fiscal year beginning July 1, 2005, and each subsequent fiscal year, the state treasurer shall transfer eight million two hundred fifty thousand dollars from the general fund to the criminal justice treatment account, divided into four equal quarterly payments. For the fiscal year beginning July 1, 2006, and each subsequent fiscal year, the amount transferred shall be increased on an annual basis by the implicit price deflator as published by the federal bureau of labor statistics.

(b) In each odd-numbered year, the legislature shall appropriate the amount transferred to the criminal justice treatment account in (a) of this subsection to the division of alcohol and substance abuse for the purposes of subsection (5) of this section.

(5) Moneys appropriated to the division of alcohol and substance abuse from the criminal justice treatment account shall be distributed as specified in this subsection. The department shall serve as the fiscal agent for purposes of distribution. Until July 1, 2004, the department may not use moneys appropriated from the criminal justice treatment account for administrative expenses and

shall distribute all amounts appropriated under subsection (4)(b) of this section in accordance with this subsection. Beginning in July 1, 2004, the department may retain up to three percent of the amount appropriated under subsection (4)(b) of this section for its administrative costs.

(a) Seventy percent of amounts appropriated to the division from the account shall be distributed to counties pursuant to the distribution formula adopted under this section. The division of alcohol and substance abuse, in consultation with the department of corrections, the Washington state association of counties, the Washington state association of drug court professionals, the superior court judges' association, the Washington association of prosecuting attorneys, representatives of the criminal defense bar, representatives of substance abuse treatment providers, and any other person deemed by the division to be necessary, shall establish a fair and reasonable methodology for distribution to counties of moneys in the criminal justice treatment account. County or regional plans submitted for the expenditure of formula funds must be approved by the panel established in (b) of this subsection.

(b) Thirty percent of the amounts appropriated to the division from the account shall be distributed as grants for purposes of treating offenders against whom charges are filed by a county prosecuting attorney. The division shall appoint a panel of representatives from the Washington association of prosecuting attorneys, the Washington association of sheriffs and police chiefs, the superior court judges' association, the Washington state association of counties, the Washington defender's association or the Washington association of criminal defense lawyers, the department of corrections, the Washington state association of drug court professionals, substance abuse treatment providers, and the division. The panel shall review county or regional plans for funding under (a) of this subsection and grants approved under this subsection. The panel shall attempt to ensure that treatment as funded by the grants is available to offenders statewide.

(6) The county alcohol and drug coordinator, county prosecutor, county sheriff, county superior court, a substance abuse treatment provider appointed by the county legislative authority, a member of the criminal defense bar appointed by the county legislative authority, and, in counties with a drug court, a representative of the drug court shall jointly submit a plan, approved by the county legislative authority or authorities, to the panel established in subsection (5)(b) of this section, for disposition of all the funds provided from the criminal justice treatment account within that county. The funds shall be used solely to provide approved alcohol and substance abuse treatment pursuant to RCW 70.96A.090, treatment support services, and for the administrative and overhead costs associated with the operation of a drug court.

(a) No more than ten percent of the total moneys received under subsections (4) and (5) of this section by a county or group of counties participating in a regional agreement shall be spent on the administrative and overhead costs associated with the operation of a drug court.

(b) No more than ten percent of the total moneys received under subsections (4) and (5) of this section by a county or group of counties participating in a regional agreement shall be spent for treatment support services.

(7) Counties are encouraged to consider regional agreements and submit regional plans for the efficient delivery of treatment under this section.

(8) Moneys allocated under this section shall be used to supplement, not supplant, other federal, state, and local funds used for substance abuse treatment.

(9) Counties must meet the criteria established in RCW 2.28.170(3)(b).

(10) The authority under this section to use funds from the criminal justice treatment account for the administrative and

overhead costs associated with the operation of a drug court expires June 30, (~~2013~~) 2015.

Sec. 991. RCW 70.105D.--- and 2013 2nd sp.s. c 1 s 10 are each amended to read as follows:

(1) The environmental legacy stewardship account is created in the state treasury. Beginning July 1, 2013, and every fiscal year thereafter, the annual amount received from the tax imposed by RCW 82.21.030 that exceeds one hundred forty million dollars must be deposited into the environmental legacy stewardship account. The state treasurer may make periodic deposits into the environmental legacy stewardship account based on forecasted revenue. Moneys in the account may only be spent after appropriation.

(2) Moneys in the environmental legacy stewardship account may be spent on performance and outcome based projects, model remedies, demonstrated technologies, procedures, contracts, and project management and oversight that result in significant reductions in the time to complete compared to baseline averages for:

(a) Purposes authorized under RCW 70.105D.070 (3) and (4);

(b) Storm water low-impact retrofit projects and other projects with significant environmental benefits that reduce storm water pollution from existing infrastructure and development;

(c) Cleanup and disposal of hazardous substances from abandoned or derelict vessels, defined for the purposes of this section as vessels that have little or no value and either have no identified owner or have an identified owner lacking financial resources to clean up and dispose of the vessel, that pose a threat to human health or the environment; and

(d) Appropriations to the state and local toxics control accounts created in RCW 70.105D.070 if the legislature determines that priorities for spending exceed available funds in those accounts.

(3) Except as provided under RCW 70.105D.070(3) (k) and (q), nothing in chapter 1, Laws of 2013 2nd sp. sess. expands the ability of a potentially liable person to receive public funding.

(4) Moneys in the environmental legacy stewardship account may also be used as follows:

(a) During the 2013-2015 fiscal biennia, shoreline update technical assistance and for local government shoreline master program update grants;

(b) During the 2013-2015 fiscal biennium, solid and hazardous waste compliance at the department of corrections;

(c) During the 2013-2015 fiscal biennium, activities at the department of fish and wildlife concerning water quality monitoring, hatchery water quality regulatory compliance, and technical assistance to local governments on growth management and shoreline management;

(d) During the 2013-2015 fiscal biennium, forest practices regulation and aquatic land investigation and cleanup activities at the department of natural resources.

Sec. 992. RCW 70.105D.070 and 2013 2nd sp.s. c 1 s 9 are each amended to read as follows:

(1) The state toxics control account and the local toxics control account are hereby created in the state treasury.

(2)(a) Moneys collected under RCW 82.21.030 must be deposited as follows: Fifty-six percent to the state toxics control account under subsection (3) of this section and forty-four percent to the local toxics control account under subsection (4) of this section. When the cumulative amount of deposits made to the state and local toxics control accounts under this section reaches the limit during a fiscal year as established in (b) of this subsection, the remainder of the moneys collected under RCW 82.21.030 during that fiscal year must be deposited into the environmental legacy stewardship account created in RCW 70.105D.--- (section 10, chapter 1, Laws of 2013 2nd sp. sess.).

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(b) The limit on distributions of moneys collected under RCW 82.21.030 to the state and local toxics control accounts for the fiscal year beginning July 1, 2013, is one hundred forty million dollars.

(c) In addition to the funds required under (a) of this subsection, the following moneys must be deposited into the state toxics control account: (i) The costs of remedial actions recovered under this chapter or chapter 70.105A RCW; (ii) penalties collected or recovered under this chapter; and (iii) any other money appropriated or transferred to the account by the legislature.

(3) Moneys in the state toxics control account must be used only to carry out the purposes of this chapter, including but not limited to the following activities:

(a) The state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.105 RCW;

(b) The state's responsibility for solid waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.95 RCW;

(c) The hazardous waste clean-up program required under this chapter;

(d) State matching funds required under federal cleanup law;

(e) Financial assistance for local programs in accordance with chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

(f) State government programs for the safe reduction, recycling, or disposal of paint and hazardous wastes from households, small businesses, and agriculture;

(g) Oil and hazardous materials spill prevention, preparedness, training, and response activities;

(h) Water and environmental health protection and monitoring programs;

(i) Programs authorized under chapter 70.146 RCW;

(j) A public participation program;

(k) Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with clean-up standards under RCW 70.105D.030(2)(e) but only when the amount and terms of such funding are established under a settlement agreement under RCW 70.105D.040(4) and when the director has found that the funding will achieve both: (i) A substantially more expeditious or enhanced cleanup than would otherwise occur; and (ii) the prevention or mitigation of unfair economic hardship;

(l) Development and demonstration of alternative management technologies designed to carry out the hazardous waste management priorities of RCW 70.105.150;

(m) State agriculture and health programs for the safe use, reduction, recycling, or disposal of pesticides;

(n) Storm water pollution control projects and activities that protect or preserve existing remedial actions or prevent hazardous clean-up sites;

(o) Funding requirements to maintain receipt of federal funds under the federal solid waste disposal act (42 U.S.C. Sec. 6901 et seq.);

(p) Air quality programs and actions for reducing public exposure to toxic air pollution;

(q) Public funding to assist prospective purchasers to pay for the costs of remedial action in compliance with clean-up standards under RCW 70.105D.030(2)(e) if:

(i) The facility is located within a redevelopment opportunity zone designated under RCW 70.105D.--- (section 4, chapter 1, Laws of 2013 2nd sp. sess.);

(ii) The amount and terms of the funding are established under a settlement agreement under RCW 70.105D.040(5); and

(iii) The director has found the funding meets any additional criteria established in rule by the department, will achieve a substantially more expeditious or enhanced cleanup than would

otherwise occur, and will provide a public benefit in addition to cleanup commensurate with the scope of the public funding;

(r) Petroleum-based plastic or expanded polystyrene foam debris cleanup activities in fresh or marine waters; ~~(and)~~

(s) Appropriations to the local toxics control account or the environmental legacy stewardship account created in RCW 70.105D.---(section 10, chapter 1, Laws of 2013 2nd sp. sess.), if the legislature determines that priorities for spending exceed available funds in those accounts(---);

(t) During the 2013-2015 fiscal biennium, the department of ecology's water quality, shorelands, environmental assessment, administration, and air quality programs;

(u) During the 2013-2015 fiscal biennium, actions at the state conservation commission to improve water quality for shellfish; and

(v) During the 2013-2015 fiscal biennium, actions at the University of Washington for reducing ocean acidification.

(4)(a) The department shall use moneys deposited in the local toxics control account for grants or loans to local governments for the following purposes in descending order of priority:

(i) Extended grant agreements entered into under (c)(i) of this subsection;

(ii) Remedial actions, including planning for adaptive reuse of properties as provided for under (c)(iv) of this subsection. The department must prioritize funding of remedial actions at:

(A) Facilities on the department's hazardous sites list with a high hazard ranking for which there is an approved remedial action work plan or an equivalent document under federal cleanup law;

(B) Brownfield properties within a redevelopment opportunity zone if the local government is a prospective purchaser of the property and there is a department-approved remedial action work plan or equivalent document under the federal cleanup law;

(iii) Storm water pollution source projects that: (A) Work in conjunction with a remedial action; (B) protect completed remedial actions against recontamination; or (C) prevent hazardous clean-up sites;

(iv) Hazardous waste plans and programs under chapter 70.105 RCW;

(v) Solid waste plans and programs under chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

(vi) Petroleum-based plastic or expanded polystyrene foam debris cleanup activities in fresh or marine waters; and

(vii) Appropriations to the state toxics control account or the environmental legacy stewardship account created in RCW 70.105D.---(section 10, chapter 1, Laws of 2013 2nd sp. sess.), if the legislature determines that priorities for spending exceed available funds in those accounts.

(b) Funds for plans and programs must be allocated consistent with the priorities and matching requirements established in chapters 70.105, 70.95C, 70.95I, and 70.95 RCW.

(c) During the 2013-2015 fiscal biennium, the local toxics control account may also be used for local government storm water planning and implementation activities.

(d) During the 2013-2015 fiscal biennium, the legislature may transfer from the local toxics control account to the state general fund, such amounts as reflect the excess fund balance in the account.

(e) To expedite cleanups throughout the state, the department may use the following strategies when providing grants to local governments under this subsection:

(i) Enter into an extended grant agreement with a local government conducting remedial actions at a facility where those actions extend over multiple biennia and the total eligible cost of those actions exceeds twenty million dollars. The agreement is subject to the following limitations:

(A) The initial duration of such an agreement may not exceed ten years. The department may extend the duration of such an

agreement upon finding substantial progress has been made on remedial actions at the facility;

(B) Extended grant agreements may not exceed fifty percent of the total eligible remedial action costs at the facility; and

(C) The department may not allocate future funding to an extended grant agreement unless the local government has demonstrated to the department that funds awarded under the agreement during the previous biennium have been substantially expended or contracts have been entered into to substantially expend the funds;

(ii) Enter into a grant agreement with a local government conducting a remedial action that provides for periodic reimbursement of remedial action costs as they are incurred as established in the agreement;

(iii) Enter into a grant agreement with a local government prior to it acquiring a property or obtaining necessary access to conduct remedial actions, provided the agreement is conditioned upon the local government acquiring the property or obtaining the access in accordance with a schedule specified in the agreement;

(iv) Provide integrated planning grants to local governments to fund studies necessary to facilitate remedial actions at brownfield properties and adaptive reuse of properties following remediation. Eligible activities include, but are not limited to: Environmental site assessments; remedial investigations; health assessments; feasibility studies; site planning; community involvement; land use and regulatory analyses; building and infrastructure assessments; economic and fiscal analyses; and any environmental analyses under chapter 43.21C RCW;

(v) Provide grants to local governments for remedial actions related to areawide groundwater contamination. To receive the funding, the local government does not need to be a potentially liable person or be required to seek reimbursement of grant funds from a potentially liable person;

(vi) The director may alter grant matching requirements to create incentives for local governments to expedite cleanups when one of the following conditions exists:

(A) Funding would prevent or mitigate unfair economic hardship imposed by the clean-up liability;

(B) Funding would create new substantial economic development, public recreational opportunities, or habitat restoration opportunities that would not otherwise occur; or

(C) Funding would create an opportunity for acquisition and redevelopment of brownfield property under RCW 70.105D.040(5) that would not otherwise occur;

(vii) When pending grant applications under (c)(iv) and (v) of this subsection (4) exceed the amount of funds available, designated redevelopment opportunity zones must receive priority for distribution of available funds.

(d) To expedite multiparty clean-up efforts, the department may purchase remedial action cost-cap insurance.

(5) Except for unanticipated receipts under RCW 43.79.260 through 43.79.282, moneys in the state and local toxics control accounts may be spent only after appropriation by statute.

(6) No moneys deposited into either the state or local toxics control account may be used for: Natural disasters where there is no hazardous substance contamination; high performance buildings; solid waste incinerator facility feasibility studies, construction, maintenance, or operation; or after January 1, 2010, for projects designed to address the restoration of Puget Sound, funded in a competitive grant process, that are in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310. However, this subsection does not prevent an appropriation from the state toxics control account to the department of revenue to enforce compliance with the hazardous substance tax imposed in chapter 82.21 RCW.

(7) Except during the 2011-2013 fiscal biennium, one percent of the moneys collected under RCW 82.21.030 shall be allocated only for public participation grants to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations. The primary purpose of these grants is to facilitate the participation by persons and organizations in the investigation and remedying of releases or threatened releases of hazardous substances and to implement the state's solid and hazardous waste management priorities. No grant may exceed sixty thousand dollars. Grants may be renewed annually. Moneys appropriated for public participation that are not expended at the close of any biennium revert to the state toxics control account.

(8) The department shall adopt rules for grant or loan issuance and performance. To accelerate both remedial action and economic recovery, the department may expedite the adoption of rules necessary to implement chapter 1, Laws of 2013 2nd sp. sess. using the expedited procedures in RCW 34.05.353. The department shall initiate the award of financial assistance by August 1, 2013. To ensure the adoption of rules will not delay financial assistance, the department may administer the award of financial assistance through interpretive guidance pending the adoption of rules through July 1, 2014.

(9) Except as provided under subsection (3)(k) and (q) of this section, nothing in chapter 1, Laws of 2013 2nd sp. sess. effects the ability of a potentially liable person to receive public funding.

Sec. 993. RCW 70.148.020 and 2012 1st sp.s. c 3 s 1 are each amended to read as follows:

(1) The pollution liability insurance program trust account is established in the custody of the state treasurer. All funds appropriated for this chapter and all premiums collected for reinsurance shall be deposited in the account. Expenditures from the account shall be used exclusively for the purposes of this chapter including payment of costs of administering the pollution liability insurance and underground storage tank community assistance programs. Expenditures for payment of administrative and operating costs of the agency are subject to the allotment procedures under chapter 43.88 RCW and may be made only after appropriation by statute. No appropriation is required for other expenditures from the account.

(2) Each calendar quarter, the director shall report to the insurance commissioner the loss and surplus reserves required for the calendar quarter. The director shall notify the department of revenue of this amount by the fifteenth day of each calendar quarter.

(3) Each calendar quarter the director shall determine the amount of reserves necessary to fund commitments made to provide financial assistance under RCW 70.148.130 to the extent that the financial assistance reserves do not jeopardize the operations and liabilities of the pollution liability insurance program. The director shall notify the department of revenue of this amount by the fifteenth day of each calendar quarter. The director may immediately establish an initial financial assistance reserve of five million dollars from available revenues. The director may not expend more than fifteen million dollars for the financial assistance program.

~~((4))~~ (4) During the 2013-2015 fiscal biennium, the legislature may transfer from the pollution liability insurance program trust account to the state general fund such amounts as reflect the excess fund balance of the account.

(5) This section expires July 1, 2020.

Sec. 994. RCW 71.24.310 and 2009 c 564 s 1810 and 2009 c 564 s 952 are each reenacted and amended to read as follows:

The legislature finds that administration of chapter 71.05 RCW and this chapter can be most efficiently and effectively implemented as part of the regional support network defined in RCW 71.24.025. For this reason, the legislature intends that the department and the

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regional support networks shall work together to implement chapter 71.05 RCW as follows:

(1) By June 1, 2006, regional support networks shall recommend to the department the number of state hospital beds that should be allocated for use by each regional support network. The statewide total allocation shall not exceed the number of state hospital beds offering long-term inpatient care, as defined in this chapter, for which funding is provided in the biennial appropriations act.

(2) If there is consensus among the regional support networks regarding the number of state hospital beds that should be allocated for use by each regional support network, the department shall contract with each regional support network accordingly.

(3) If there is not consensus among the regional support networks regarding the number of beds that should be allocated for use by each regional support network, the department shall establish by emergency rule the number of state hospital beds that are available for use by each regional support network. The emergency rule shall be effective September 1, 2006. The primary factor used in the allocation shall be the estimated number of adults with acute and chronic mental illness in each regional support network area, based upon population-adjusted incidence and utilization.

(4) The allocation formula shall be updated at least every three years to reflect demographic changes, and new evidence regarding the incidence of acute and chronic mental illness and the need for long-term inpatient care. In the updates, the statewide total allocation shall include (a) all state hospital beds offering long-term inpatient care for which funding is provided in the biennial appropriations act; plus (b) the estimated equivalent number of beds or comparable diversion services contracted in accordance with subsection (5) of this section.

(5) The department is encouraged to enter performance-based contracts with regional support networks to provide some or all of the regional support network's allocated long-term inpatient treatment capacity in the community, rather than in the state hospital. The performance contracts shall specify the number of patient days of care available for use by the regional support network in the state hospital.

(6) If a regional support network uses more state hospital patient days of care than it has been allocated under subsection (3) or (4) of this section, or than it has contracted to use under subsection (5) of this section, whichever is less, it shall reimburse the department for that care, except during the period of July 1, 2012, through December 31, 2013, where reimbursements may be temporarily altered per section 204 of this act. The reimbursement rate per day shall be the hospital's total annual budget for long-term inpatient care, divided by the total patient days of care assumed in development of that budget.

(7) One-half of any reimbursements received pursuant to subsection (6) of this section shall be used to support the cost of operating the state hospital and, during the 2007-2009 fiscal biennium, implementing new services that will enable a regional support network to reduce its utilization of the state hospital. The department shall distribute the remaining half of such reimbursements among regional support networks that have used less than their allocated or contracted patient days of care at that hospital, proportional to the number of patient days of care not used.

Sec. 995. RCW 74.09.215 and 2012 c 241 s 103 are each amended to read as follows:

The medicaid fraud penalty account is created in the state treasury. All receipts from civil penalties collected under RCW 74.09.210, all receipts received under judgments or settlements that originated under a filing under the federal false claims act, and all receipts received under judgments or settlements that originated

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under the state medicaid fraud false claims act, chapter 74.66 RCW must be deposited into the account. Moneys in the account may be spent only after appropriation and must be used only for medicaid services, fraud detection and prevention activities, recovery of improper payments, and for other medicaid fraud enforcement activities. For the 2013-2015 fiscal biennium, moneys in the account may be spent on inpatient and outpatient rebasing and conversion to the tenth version of the international classification of diseases.

Sec. 996. RCW 74.13.621 and 2009 c 564 s 954 are each amended to read as follows:

(1) Within existing resources, the department shall establish an oversight committee to monitor, guide, and report on kinship care recommendations and implementation activities. The committee shall:

(a) Draft a kinship care definition that is restricted to persons related by blood, marriage, or adoption, including marriages that have been dissolved, or for a minor defined as an "Indian child" under the federal Indian child welfare act (25 U.S.C. Sec. 1901 et seq.), the definition of "extended family member" under the federal Indian child welfare act, and a set of principles. If the committee concludes that one or more programs or services would be more efficiently and effectively delivered under a different definition of kin, it shall state what definition is needed, and identify the program or service in the report. It shall also provide evidence of how the program or service will be more efficiently and effectively delivered under the different definition. The department shall not adopt rules or policies changing the definition of kin without authorizing legislation;

(b) Monitor and provide consultation on the implementation of recommendations contained in the 2002 kinship care report, including but not limited to the recommendations relating to legal and respite care services and resources;

(c) Partner with nonprofit organizations and private sector businesses to guide a public education awareness campaign; and

(d) Assist with developing future recommendations on kinship care issues.

(2) The department shall consult with the oversight committee on its efforts to better collaborate and coordinate services to benefit kinship care families.

(3) The oversight committee must consist of a minimum of thirty percent kinship caregivers, who shall represent a diversity of kinship families. Statewide representation with geographic, ethnic, and gender diversity is required. Other members shall include representatives of the department, representatives of relevant state agencies, representatives of the private nonprofit and business sectors, child advocates, representatives of Washington state Indian tribes as defined under the federal Indian welfare act (25 U.S.C. Sec. 1901 et seq.), and representatives of the legal or judicial field. Birth parents, foster parents, and others who have an interest in these issues may also be included.

(4) To the extent funding is available, the department may reimburse nondepartmental members of the oversight committee for costs incurred in participating in the meetings of the oversight committee.

(5) The kinship care oversight committee shall update the legislature and governor annually on committee activities, with the first update due by January 1, 2006.

(6) This section expires June 30, (~~2011~~) 2015.

Sec. 997. RCW 74.09.215 and 2013 c 36 s 3 are each amended to read as follows:

The medicaid fraud penalty account is created in the state treasury. All receipts from civil penalties collected under RCW 74.09.210, all receipts received under judgments or settlements that originated under a filing under the federal false claims act, and all

receipts received under judgments or settlements that originated under the state medicaid fraud false claims act, chapter 74.66 RCW, must be deposited into the account. Moneys in the account may be spent only after appropriation and must be used only for medicaid services, fraud detection and prevention activities, recovery of improper payments, for other medicaid fraud enforcement activities, and the prescription monitoring program established in chapter 70.225 RCW. For the 2013-2015 fiscal biennium, moneys in the account may be spent on inpatient and outpatient rebasing and conversion to the tenth version of the international classification of diseases.

Sec. 998. RCW 77.12.201 and 2012 2nd sp.s. c 7 s 923 are each amended to read as follows:

The legislative authority of a county may elect, by giving written notice to the director and the treasurer prior to January 1st of any year, to obtain for the following year an amount in lieu of real property taxes on game lands as provided in RCW 77.12.203. Upon the election, the county shall keep a record of all fines, forfeitures, reimbursements, and costs assessed and collected, in whole or in part, under this title for violations of law or rules adopted pursuant to this title, with the exception of the 2011-2013 and 2013-2015 fiscal ~~((biennium))~~ biennia, and shall monthly remit an amount equal to the amount collected to the state treasurer for deposit in the state general fund. The election shall continue until the department is notified differently prior to January 1st of any year.

Sec. 999. RCW 77.12.203 and 2012 2nd sp.s. c 7 s 924 are each amended to read as follows:

(1) Except as provided in subsection (5) of this section and notwithstanding RCW 84.36.010 or other statutes to the contrary, the director shall pay by April 30th of each year on game lands in each county, if requested by an election under RCW 77.12.201, an amount in lieu of real property taxes equal to that amount paid on similar parcels of open space land taxable under chapter 84.34 RCW or the greater of seventy cents per acre per year or the amount paid in 1984 plus an additional amount for control of noxious weeds equal to that which would be paid if such lands were privately owned. This amount shall not be assessed or paid on department buildings, structures, facilities, game farms, fish hatcheries, tidelands, or public fishing areas of less than one hundred acres.

(2) "Game lands," as used in this section and RCW 77.12.201, means those tracts one hundred acres or larger owned in fee by the department and used for wildlife habitat and public recreational purposes. All lands purchased for wildlife habitat, public access or recreation purposes with federal funds in the Snake River drainage basin shall be considered game lands regardless of acreage.

(3) This section shall not apply to lands transferred after April 23, 1990, to the department from other state agencies.

(4) The county shall distribute the amount received under this section in lieu of real property taxes to all property taxing districts except the state in appropriate tax code areas the same way it would distribute local property taxes from private property. The county shall distribute the amount received under this section for weed control to the appropriate weed district.

(5) For the 2011-2013 and 2013-2015 fiscal ~~((biennium))~~ biennia, the director shall pay by April 30th of each year on game lands in each county, if requested by an election under RCW 77.12.201, an amount in lieu of real property taxes and shall be distributed as follows:

County

Adams 1,909

Asotin	36,123
Chelan	24,757
Columbia.....	7,795
Ferry.....	6,781
Garfield	4,840
Grant.....	37,443
((Grays Harbor	7,264))
Kittitas.....	143,974
Klickitat.....	21,906
Lincoln	13,535
Okanogan	151,402
Pend Oreille.....	3,309
Yakima.....	126,225

These amounts shall not be assessed or paid on department buildings, structures, facilities, game farms, fish hatcheries, tidelands, or public fishing areas of less than one hundred acres.

Sec. 1000. RCW 79.64.020 and 2011 c 216 s 15 are each amended to read as follows:

A resource management cost account in the state treasury is created to be used solely for the purpose of defraying the costs and expenses necessarily incurred by the department in managing and administering state lands, community forest trust lands, and aquatic lands and the making and administering of leases, sales, contracts, licenses, permits, easements, and rights-of-way as authorized under the provisions of this title. Appropriations from the resource management cost account to the department shall be expended for no other purposes. Funds in the resource management cost account may be appropriated or transferred by the legislature for the benefit of all of the trusts from which the funds were derived. During the 2013-2015 fiscal biennium, the legislature may transfer from the aquatics revenues in the resources management cost account to the marine resources stewardship trust account for the purposes of chapter 43.372 RCW.

Sec. 1001. RCW 79.64.040 and 2012 2nd sp.s. c 7 s 927 are each amended to read as follows:

(1) The board shall determine the amount deemed necessary in order to achieve the purposes of this chapter and shall provide by rule for the deduction of this amount from the moneys received from all leases, sales, contracts, licenses, permits, easements, and rights-of-way issued by the department and affecting state lands, community forest trust lands, and aquatic lands, provided that no deduction shall be made from the proceeds from agricultural college lands.

(2) Moneys received as deposits from successful bidders, advance payments, and security under RCW 79.15.100, 79.15.080, and 79.11.150 prior to December 1, 1981, which have not been subjected to deduction under this section are not subject to deduction under this section.

(3) Except as otherwise provided in subsections (4) and (6) of this section, the deductions authorized under this section shall not exceed twenty-five percent of the moneys received by the department in connection with any one transaction pertaining to

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state lands and aquatic lands other than second-class tide and shore lands and the beds of navigable waters, and fifty percent of the moneys received by the department pertaining to second-class tide and shore lands and the beds of navigable waters.

(4) Deductions authorized under this section for transactions pertaining to community forest trust lands must be established at a level sufficient to defray over time the management costs for activities prescribed in a parcel's management plan adopted pursuant to RCW 79.155.080, and, if deemed appropriate by the board consistent with RCW 79.155.090, to reimburse the state and any local entities' eligible financial contributions for acquisition of the parcel.

(5) In the event that the department sells logs using the contract harvesting process described in RCW 79.15.500 through 79.15.530, the moneys received subject to this section are the net proceeds from the contract harvesting sale.

(6) During the 2011-2013 and 2013-2015 fiscal (~~(biennium)~~) biennia, the twenty-five percent limitation on deductions set in subsection (3) of this section may be increased up to thirty percent by the board.

Sec. 1002. RCW 79.105.150 and 2012 2nd sp.s. c 7 s 929 and 2012 2nd sp.s. c 2 s 6008 are each reenacted and amended to read as follows:

(1) After deduction for management costs as provided in RCW 79.64.040 and payments to towns under RCW 79.115.150(2), all moneys received by the state from the sale or lease of state-owned aquatic lands and from the sale of valuable material from state-owned aquatic lands shall be deposited in the aquatic lands enhancement account which is hereby created in the state treasury. After appropriation, these funds shall be used solely for aquatic lands enhancement projects; for the purchase, improvement, or protection of aquatic lands for public purposes; for providing and improving access to the lands; and for volunteer cooperative fish and game projects. ~~((During the 2011-2013 fiscal biennium, the aquatic lands enhancement account may also be used for scientific research as part of the adaptive management process and for developing a planning report for McNeil Island. During the 2011-2013 fiscal biennium, the legislature may transfer from the aquatic lands enhancement account to the state general fund such amounts as reflect excess fund balance of the account.))~~ During the ~~((2011-2013))~~ 2013-2015 fiscal biennium, the aquatic lands enhancement account may be used to support the shellfish program, the ballast water program, ~~((parks,))~~ hatcheries, ~~((and))~~ the Puget Sound toxic sampling program at the department of fish and wildlife, the knotweed program at the department of agriculture, actions at the University of Washington for reducing ocean acidification, which may include the creation of a center on ocean acidification, and the Puget SoundCorps program. ~~((During the 2011-2013 fiscal biennium, the legislature may transfer from the aquatic lands enhancement account to the marine resources stewardship trust account funds for the purposes of RCW 43.372.070))~~ During the 2013-2015 fiscal biennium, the legislature may transfer from the aquatic lands enhancement account to the geoduck aquaculture research account for research related to shellfish aquaculture.

(2) In providing grants for aquatic lands enhancement projects, the recreation and conservation funding board shall:

(a) Require grant recipients to incorporate the environmental benefits of the project into their grant applications;

(b) Utilize the statement of environmental benefits, consideration, except as provided in RCW 79.105.610, of whether the applicant is a Puget Sound partner, as defined in RCW 90.71.010, whether a project is referenced in the action agenda developed by the Puget Sound partnership under RCW 90.71.310, and except as otherwise provided in RCW 79.105.630, and effective

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one calendar year following the development and statewide availability of model evergreen community management plans and ordinances under RCW 35.105.050, whether the applicant is an entity that has been recognized, and what gradation of recognition was received, in the evergreen community recognition program created in RCW 35.105.030 in its prioritization and selection process; and

(c) Develop appropriate outcome-focused performance measures to be used both for management and performance assessment of the grants.

(3) To the extent possible, the department should coordinate its performance measure system with other natural resource-related agencies as defined in RCW 43.41.270.

(4) The department shall consult with affected interest groups in implementing this section.

(5) After January 1, 2010, any project designed to address the restoration of Puget Sound may be funded under this chapter only if the project is not in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

Sec. 1003. RCW 82.08.160 and 2012 2nd sp.s. c 5 s 3 are each amended to read as follows:

(1) On or before the twenty-fifth day of each month, all taxes collected under RCW 82.08.150 during the preceding month must be remitted to the state department of revenue, to be deposited with the state treasurer. Except as provided in subsections (2) ~~((and))~~, (3), and (4) of this section, upon receipt of such moneys the state treasurer must credit sixty-five percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) and one hundred percent of the sums collected and remitted under RCW 82.08.150 (3) and (4) to the state general fund and thirty-five percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) to a fund which is hereby created to be known as the "liquor excise tax fund."

(2) During the 2012 fiscal year, 66.19 percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) must be deposited in the state general fund and the remainder collected and remitted under RCW 82.08.150 (1) and (2) must be deposited in the liquor excise tax fund.

(3) During fiscal year 2013, all funds collected under RCW 82.08.150 (1), (2), (3), and (4) must be deposited into the state general fund.

(4) During the 2013-2015 fiscal biennium, eighty two and one-half percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) must be deposited in the state general fund and the remainder collected and remitted under RCW 82.08.150 (1) and (2) must be deposited in the liquor excise tax fund.

Sec. 1004. RCW 82.14.310 and 2011 1st sp.s. c 50 s 970 are each amended to read as follows:

(1) The county criminal justice assistance account is created in the state treasury. Beginning in fiscal year 2000, the state treasurer must transfer into the county criminal justice assistance account from the general fund the sum of twenty-three million two hundred thousand dollars divided into four equal deposits occurring on July 1, October 1, January 1, and April 1. For each fiscal year thereafter, the state treasurer must increase the total transfer by the fiscal growth factor, as defined in RCW 43.135.025, forecast for that fiscal year by the office of financial management in November of the preceding year.

(2) The moneys deposited in the county criminal justice assistance account for distribution under this section, less any moneys appropriated for purposes under subsection (4) of this section, must be distributed at such times as distributions are made under RCW 82.44.150 and on the relative basis of each county's funding factor as determined under this subsection.

(a) A county's funding factor is the sum of:

(i) The population of the county, divided by one thousand, and multiplied by two-tenths;

(ii) The crime rate of the county, multiplied by three-tenths; and

(iii) The annual number of criminal cases filed in the county superior court, for each one thousand in population, multiplied by five-tenths.

(b) Under this section and RCW 82.14.320 and 82.14.330:

(i) The population of the county or city is as last determined by the office of financial management;

(ii) The crime rate of the county or city is the annual occurrence of specified criminal offenses, as calculated in the most recent annual report on crime in Washington state as published by the Washington association of sheriffs and police chiefs, for each one thousand in population;

(iii) The annual number of criminal cases filed in the county superior court must be determined by the most recent annual report of the courts of Washington, as published by the administrative office of the courts;

(iv) Distributions and eligibility for distributions in the 1989-1991 biennium must be based on 1988 figures for both the crime rate as described under (ii) of this subsection and the annual number of criminal cases that are filed as described under (iii) of this subsection. Future distributions must be based on the most recent figures for both the crime rate as described under (ii) of this subsection and the annual number of criminal cases that are filed as described under (iii) of this subsection.

(3) Moneys distributed under this section must be expended exclusively for criminal justice purposes and may not be used to replace or supplant existing funding. Criminal justice purposes are defined as activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil or juvenile justice system occurs, and which includes (a) domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined in RCW 70.123.020, and (b) during the 2001-2003 fiscal biennium, juvenile dispositional hearings relating to petitions for at-risk youth, truancy, and children in need of services. Existing funding for purposes of this subsection is defined as calendar year 1989 actual operating expenditures for criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purposes exclude the following: Expenditures for extraordinary events not likely to reoccur, changes in contract provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures.

(4) Not more than five percent of the funds deposited to the county criminal justice assistance account may be available for appropriations for enhancements to the state patrol crime laboratory system and the continuing costs related to these enhancements. Funds appropriated from this account for such enhancements may not supplant existing funds from the state general fund.

(5) During the 2011-2013 fiscal biennium, the amount that would otherwise be transferred into the county criminal justice assistance account from the general fund under subsection (1) of this section must be reduced by 3.4 percent.

(6) During the 2013-2015 fiscal biennium, for the purposes of substance abuse and other programs for offenders, the legislature may appropriate from the county criminal justice assistance account such amounts as are in excess of the amounts necessary to fully meet the state's obligations to the counties and to the Washington state patrol. Excess amounts in this account are not the result of subsection (5) of this section.

Sec. 1005. RCW 86.26.007 and 2012 2nd sp.s. c 7 s 932 are each amended to read as follows:

The flood control assistance account is hereby established in the state treasury. At the beginning of the 2005-2007 fiscal biennium,

the state treasurer shall transfer three million dollars from the general fund to the flood control assistance account. Each biennium thereafter the state treasurer shall transfer four million dollars from the general fund to the flood control assistance account, except that during the 2011-2013 fiscal biennium, the state treasurer shall transfer one million dollars from the general fund to the flood control assistance account. Moneys in the flood control assistance account may be spent only after appropriation for purposes specified under this chapter. During the 2013-2015 fiscal biennium, the legislature may transfer from the flood control assistance account to the state general fund such amounts as reflect the excess fund balance of the account.

(End of part)

**SUPPLEMENTAL
PART XI
GENERAL GOVERNMENT**

Sec. 1101. 2012 2nd sp.s. c 7 s 111 (uncodified) is amended to read as follows:

FOR THE SUPREME COURT

General Fund--State Appropriation (FY 2012)	\$6,757,000
General Fund--State Appropriation (FY 2013)	(\$6,561,000)
.....	\$6,603,000
TOTAL APPROPRIATION	(\$13,318,000)
.....	\$13,360,000

Sec. 1102. 2012 2nd sp.s. c 7 s 112 (uncodified) is amended to read as follows:

FOR THE LAW LIBRARY

General Fund--State Appropriation (FY 2012)	\$1,504,000
General Fund--State Appropriation (FY 2013)	\$24,000
Judicial Information System Account--State Appropriation	\$1,500,000
TOTAL APPROPRIATION	(\$3,004,000)
.....	\$3,028,000

The appropriations in this section are subject to the following conditions and limitations: \$50,000 of the judicial information system account--state appropriation is provided solely to evaluate the state law library and assess its operational structure to determine the most effective delivery model for providing library services.

Sec. 1103. 2012 2nd sp.s. c 7 s 114 (uncodified) is amended to read as follows:

FOR THE COURT OF APPEALS

General Fund--State Appropriation (FY 2012)	\$15,275,000
General Fund--State Appropriation (FY 2013)	(\$15,168,000)
.....	\$15,253,000
TOTAL APPROPRIATION	(\$30,443,000)
.....	\$30,528,000

Sec. 1104. 2012 2nd sp.s. c 7 s 115 (uncodified) is amended to read as follows:

FOR THE ADMINISTRATOR FOR THE COURTS

General Fund--State Appropriation (FY 2012)	\$50,725,000
General Fund--State Appropriation (FY 2013)	(\$48,429,000)
.....	\$49,123,000
General Fund--Federal Appropriation	\$2,532,000
General Fund--Private/Local Appropriation.....	\$390,000
Judicial Information Systems Account--State Appropriation	\$42,362,000
Judicial Stabilization Trust Account--State Appropriation	(\$5,954,000)
.....	\$5,425,000
TOTAL APPROPRIATION	(\$150,392,000)
.....	\$150,557,000

The appropriations in this section are subject to the following conditions and limitations:

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(1) \$1,800,000 of the general fund--state appropriation for fiscal year 2012 and \$1,399,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for school districts for petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The office of the administrator for the courts shall develop an interagency agreement with the superintendent of public instruction to allocate the funding provided in this subsection. Allocation of this money to school districts shall be based on the number of petitions filed. This funding includes amounts school districts may expend on the cost of serving petitions filed under RCW 28A.225.030 by certified mail or by personal service or for the performance of service of process for any hearing associated with RCW 28A.225.030.

(2)(a) \$8,252,000 of the general fund--state appropriation for fiscal year 2012 and \$7,313,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for distribution to county juvenile court administrators to fund the costs of processing truancy, children in need of services, and at-risk youth petitions. The administrator for the courts, in conjunction with the juvenile court administrators, shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs.

(b) Each fiscal year during the 2011-2013 fiscal biennium, each county shall report the number of petitions processed and the total actual costs of processing truancy, children in need of services, and at-risk youth petitions. Counties shall submit the reports to the administrator for the courts no later than 45 days after the end of the fiscal year. The administrator for the courts shall electronically transmit this information to the chairs and ranking minority members of the house of representatives and senate ways and means committees no later than 60 days after a fiscal year ends. These reports are deemed informational in nature and are not for the purpose of distributing funds.

(3) The distributions made under this subsection and distributions from the county criminal justice assistance account made pursuant to section 801 of this act constitute appropriate reimbursement for costs for any new programs or increased level of service for purposes of RCW 43.135.060.

(4) \$265,000 of the general fund--state appropriation for fiscal year 2012 is provided solely for the office of public guardianship to provide guardianship services for low-income incapacitated persons.

(5) \$1,178,000 of the judicial information systems account--state appropriation is provided solely for replacing computer equipment at state courts and state judicial agencies.

(6) No later than September 30, 2011, the judicial information systems committee shall provide a report to the legislature on the recommendations of the case management feasibility study, including plans for a replacement of the superior court management information system (SCOMIS) and plans for completing the data exchange core system component consistent with a complete data exchange standard. No later than December 31, 2011, the judicial information systems committee shall provide a report to the legislature on the status of the data exchange, the procurement process for a SCOMIS replacement, and a case management system that is designed to meet the requirements approved by the superior courts and county clerks of all thirty-nine counties. The legislature shall solicit input on both reports from judicial, legislative, and executive stakeholders.

(7) In order to gather better data on juveniles in the criminal justice system, the administrative office of the courts shall modify the judgment and sentence form for juvenile and adult sentences to include one or more check boxes indicating whether (a) the adult

superior court had original jurisdiction for a defendant who was younger than eighteen years of age at the time the case was filed; (b) the case was originally filed in juvenile court but transferred to adult superior court jurisdiction; or (c) the case was originally filed in adult superior court or transferred to adult superior court but then returned to the juvenile court.

(8) \$540,000 of the judicial stabilization trust account--state appropriation is provided solely for the office of public guardianship to continue guardianship services for those low-income incapacitated persons who were receiving services on June 30, 2012.

(9) The Washington association of juvenile court administrators and the juvenile rehabilitation administration, in consultation with the community juvenile accountability act advisory committee and the Washington state institute for public policy, shall analyze and review data elements available from the administrative office of the courts for possible integration into the evidence-based program quality assurance plans and processes. The administrative office of the courts, the Washington association of juvenile court administrators, and the juvenile rehabilitation administration shall provide information necessary to complete the review and analysis. The Washington association of juvenile court administrators and the juvenile rehabilitation administration shall report the findings of their review and analysis, as well as any recommendations, to the legislature by December 1, 2012.

Sec. 1105. 2012 2nd sp.s. c 7 s 118 (uncodified) is amended to read as follows:

FOR THE OFFICE OF THE GOVERNOR

General Fund--State Appropriation (FY 2012)	\$5,102,000
General Fund--State Appropriation (FY 2013)	(\$5,247,000)
.....	\$5,259,000
Economic Development Strategic Reserve Account--State	
Appropriation	\$1,500,000
TOTAL APPROPRIATION	(\$11,849,000)
.....	\$11,861,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,500,000 of the economic development strategic reserve account appropriation is provided solely for efforts to assist with currently active industrial recruitment efforts that will bring new jobs to the state or will retain headquarter locations of major companies currently housed in the state.

(2) \$540,000 of the general fund--state appropriation for fiscal year 2012 and \$526,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the office of the education ombudsman.

(3) \$12,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5802 (greenhouse gas emissions). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

Sec. 1106. 2012 2nd sp.s. c 7 s 121 (uncodified) is amended to read as follows:

FOR THE SECRETARY OF STATE

General Fund--State Appropriation (FY 2012)	\$16,047,000
General Fund--State Appropriation (FY 2013)	(\$8,612,000)
.....	\$9,972,000
General Fund--Federal Appropriation	\$7,326,000
Public Records Efficiency, Preservation, and Access	
Account--State Appropriation	(\$7,074,000)
.....	\$7,185,000
Charitable Organization Education Account--State	
Appropriation	\$362,000
Local Government Archives Account--State	
Appropriation	\$8,516,000

Election Account--Federal Appropriation	\$17,284,000
Washington State Heritage Center Account--State Appropriation	\$5,028,000
TOTAL APPROPRIATION	(\$70,249,000)
.....	\$71,720,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,898,000 of the general fund--state appropriation for fiscal year 2012 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

(2)(a) \$1,847,000 of the general fund--state appropriation for fiscal year 2012 and \$1,926,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for contracting with a nonprofit organization to produce gavel-to-gavel television coverage of state government deliberations and other events of statewide significance during the 2011-2013 biennium. The funding level for each year of the contract shall be based on the amount provided in this subsection. The nonprofit organization shall be required to raise contributions or commitments to make contributions, in cash or in kind, in an amount equal to forty percent of the state contribution. The office of the secretary of state may make full or partial payment once all criteria in this subsection have been satisfactorily documented.

(b) The legislature finds that the commitment of on-going funding is necessary to ensure continuous, autonomous, and independent coverage of public affairs. For that purpose, the secretary of state shall enter into a contract with the nonprofit organization to provide public affairs coverage.

(c) The nonprofit organization shall prepare an annual independent audit, an annual financial statement, and an annual report, including benchmarks that measure the success of the nonprofit organization in meeting the intent of the program.

(d) No portion of any amounts disbursed pursuant to this subsection may be used, directly or indirectly, for any of the following purposes:

(i) Attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, by any county, city, town, or other political subdivision of the state of Washington, or by the congress, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency;

(ii) Making contributions reportable under chapter 42.17 RCW; or

(iii) Providing any: (A) Gift; (B) honoraria; or (C) travel, lodging, meals, or entertainment to a public officer or employee.

(3) Any reductions to funding for the Washington talking book and Braille library may not exceed in proportion any reductions taken to the funding for the library as a whole.

Sec. 1107. 2012 2nd sp.s. c 7 s 127 (uncodified) is amended to read as follows:

FOR THE ATTORNEY GENERAL

General Fund--State Appropriation (FY 2012)	\$4,758,000
General Fund--State Appropriation (FY 2013)	(\$7,690,000)
.....	\$7,890,000
General Fund--Federal Appropriation	\$10,015,000
New Motor Vehicle Arbitration Account--State Appropriation	\$968,000
Legal Services Revolving Account--State Appropriation	(\$197,375,000)
.....	\$197,412,000
Tobacco Prevention and Control Account--State Appropriation	\$270,000
Medicaid Fraud Penalty Account--State Appropriation ..	\$1,129,000

TOTAL APPROPRIATION	(\$222,205,000)
.....	\$222,442,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The attorney general shall report each fiscal year on actual legal services expenditures and actual attorney staffing levels for each agency receiving legal services. The report shall be submitted to the office of financial management and the fiscal committees of the senate and house of representatives no later than ninety days after the end of each fiscal year. As part of its by agency report to the legislative fiscal committees and the office of financial management, the office of the attorney general shall include information detailing the agency's expenditures for its agency-wide overhead and a breakdown by division of division administration expenses.

(2) Prior to entering into any negotiated settlement of a claim against the state that exceeds five million dollars, the attorney general shall notify the director of financial management and the chairs of the senate committee on ways and means and the house of representatives committee on ways and means.

(3) The attorney general shall annually report to the fiscal committees of the legislature all new *cy pres* awards and settlements and all new accounts, disclosing their intended uses, balances, the nature of the claim or account, proposals, and intended timeframes for the expenditure of each amount. The report shall be distributed electronically and posted on the attorney general's web site. The report shall not be printed on paper or distributed physically.

(4) The attorney general shall enter into an interagency agreement with the department of social and health services for expenditure of the state's proceeds from the *cy pres* settlement in *State of Washington v. AstraZeneca* (Seroquel) for the purposes set forth in sections 204 and 213 of this act.

(5) \$62,000 of the legal services revolving fund--state appropriation is provided solely to implement House Bill No. 1770 (state purchasing). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(6) \$5,924,000 of the legal services revolving account--state appropriation is provided solely to implement House Bill No. 2123 (workers' compensation). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(7) The office of the attorney general is authorized to expend \$2,100,000 from the *Zyprexa* and other *cy pres* awards towards consumer protection costs in accordance with uses authorized in the court orders.

(8) \$96,000 of the legal services revolving fund--state appropriation is provided solely to implement Senate Bill No. 5076 (financial institutions). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(9) \$99,000 of the legal services revolving fund--state appropriation is provided solely to implement Engrossed Second Substitute Senate Bill No. 5769 (coal-fired generation). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(10) \$416,000 of the legal services revolving fund--state appropriation is provided solely to implement Substitute Senate Bill No. 5801 (industrial insurance system). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(11) \$31,000 of the legal services revolving fund--state appropriation is provided solely to implement Engrossed Substitute Senate Bill No. 5021 (election campaign disclosure). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(12) The executive ethics board shall: (a) Develop a statewide plan, with performance measures, to provide overall direction and accountability in all executive branch agencies and statewide elected offices; (b) coordinate and work with the commission on

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judicial conduct and the legislative ethics board; (c) assess and evaluate each agency's ethical culture through employee and stakeholder surveys, review Washington state quality award feedback reports, and publish an annual report on the results to the public; and (d) solicit outside evaluations, studies, and recommendations for improvements from academics, nonprofit organizations, the public disclosure commission, or other entities with expertise in ethics, integrity, and the public sector.

(13) \$11,000 of the legal services revolving fund--state appropriation is provided solely to implement House Bill No. 2301 (boxing, martial arts, wrestling). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(14) \$56,000 of the legal services revolving fund--state appropriation is provided solely to implement House Bill No. 2319 (affordable care act). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(15) \$5,743,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for the legal costs associated with the evaluation, filing, prosecution, response to petitions for release, and appeal of sexually violent predator civil commitment cases, as provided in chapter 71.09 RCW. Within the amount provided in this subsection, the attorney general may enter into an interagency agreement with a county prosecutor to perform prosecution services pursuant to chapter 71.09 RCW.

(16) \$94,000 of the legal services revolving fund--state appropriation is provided solely to implement Senate Bill No. 6103 (reflexology and massage therapy). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(17) \$57,000 of the legal services revolving fund--state appropriation is provided solely for implementation of Engrossed Substitute Senate Bill No. 6237 (medical assistants). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(18) If Engrossed Substitute Senate Bill No. 5978 (medicaid fraud) is not enacted by June 30, 2012, the amounts appropriated in this section from the medicaid fraud penalty account--state appropriation shall lapse and an additional \$730,000 shall be appropriated from the general fund--state for fiscal year 2013 for fraud detection and prevention activities, recovery of improper payments, and for other medicaid fraud enforcement activities.

(19) \$56,000 of the legal services revolving fund--state appropriation is provided solely to implement House Bill No. 2592 (extended foster care). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(20) \$65,000 of the legal services revolving fund--state appropriation is provided solely for implementation of Second Engrossed Substitute Senate Bill No. 6406 (state natural resources). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(21) \$200,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for settlement payment of the Backpage.com litigation.

Sec. 1108. 2012 2nd sp.s. c 7 s 129 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMERCE

General Fund--State Appropriation (FY 2012)	\$51,799,000
General Fund--State Appropriation (FY 2013)	(\$72,839,000)
.....	\$58,839,000
General Fund--Federal Appropriation	\$340,184,000
General Fund--Private/Local Appropriation.....	\$5,036,000
Public Works Assistance Account--State	
Appropriation	\$2,733,000
Drinking Water Assistance Administrative.....	
Account--State Appropriation.....	\$437,000
Lead Paint Account--State Appropriation	(\$65,000)

.....	\$100,000
Building Code Council Account--State Appropriation	\$13,000
Home Security Fund Account--State Appropriation	\$21,007,000
Affordable Housing for All Account--State	
Appropriation	\$11,899,000
County Research Services Account--State	
Appropriation	\$540,000
Financial Fraud and Identity Theft Crimes Investigation	
and Prosecution Account--State Appropriation ...	(\$1,166,000)
.....	\$969,000
Low-Income Weatherization Assistance Account--State	
Appropriation	(\$2,427,000)
.....	\$1,186,000
City and Town Research Services Account--State	
Appropriation	\$2,577,000
Community and Economic Development Fee Account--State	
Appropriation	\$6,781,000
Washington Housing Trust Account--State	
Appropriation	\$17,444,000
Prostitution Prevention and Intervention Account--	
State Appropriation	\$86,000
Public Facility Construction Loan Revolving	
Account--State Appropriation.....	\$748,000
Washington Community Technology Opportunity Account--	
State Appropriation	\$713,000
Liquor Revolving Account--State Appropriation	(\$2,802,000)
.....	\$3,032,000
TOTAL APPROPRIATION	(\$541,296,000)
.....	\$526,123,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Repayments of outstanding mortgage and rental assistance program loans administered by the department under RCW 43.63A.640 shall be remitted to the department, including any current revolving account balances. The department shall collect payments on outstanding loans, and deposit them into the state general fund. Repayments of funds owed under the program shall be remitted to the department according to the terms included in the original loan agreements.

(2) \$500,000 of the general fund--state appropriation for fiscal year 2012 and \$500,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a grant to resolution Washington to building statewide capacity for alternative dispute resolution centers and dispute resolution programs that guarantee that citizens have access to low-cost resolution as an alternative to litigation.

(3) \$306,000 of the general fund--state appropriation for fiscal year 2012 and \$306,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a grant to the retired senior volunteer program.

(4) The department shall administer its growth management act technical assistance so that smaller cities receive proportionately more assistance than larger cities or counties.

(5) \$1,800,000 of the home security fund--state appropriation is provided for transitional housing assistance or partial payments for rental assistance under the independent youth housing program.

(6) \$5,000,000 of the home security fund--state appropriation is for the operation, repair, and staffing of shelters in the homeless family shelter program.

(7) \$198,000 of the general fund--state appropriation for fiscal year 2012 and \$198,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the Washington new Americans program.

(8) \$2,949,000 of the general fund--state appropriation for fiscal year 2012 and \$2,949,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for associate development organizations.

(9) \$127,000 of the general fund--federal appropriation is provided solely for implementation of Substitute House Bill No. 1886 (Ruckelshaus center process). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(10) Up to \$200,000 of the general fund--private/local appropriation is for a grant to the Washington tourism alliance for the maintenance of the Washington state tourism web site www.experiencewa.com and its related sub-sites. The department may transfer ownership of the web site and other tourism promotion assets and assign obligations to the Washington tourism alliance for purposes of tourism promotion throughout the state. The alliance may use the assets only in a manner consistent with the purposes for which they were created. Any revenue generated from these assets must be used by the alliance for the sole purposes of statewide Washington tourism promotion. The legislature finds that the Washington tourism alliance, a not-for-profit, 501.c.6 organization established, funded, and governed by Washington tourism industry stakeholders to sustain destination tourism marketing across Washington, is an appropriate body to receive funding and assets from and assume obligations of the department for the purposes described in this section.

(11) Within the appropriations in this section, specific funding is provided to implement Substitute Senate Bill No. 5741 (economic development commission).

(12) \$2,000,000 of the community and economic development fee account appropriation is provided solely for the department of commerce for services to homeless families through the Washington families fund.

(13) \$234,000 of the general fund--state appropriation for fiscal year 2012 and \$233,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the Washington asset building coalitions.

(14) \$1,859,000 of the general fund--state appropriation for fiscal year 2012 and \$1,859,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for innovative research teams, also known as entrepreneurial STARS, at higher education research institutions, and for entrepreneurs-in-residence programs at higher education research institutions and entrepreneurial assistance organizations. Of these amounts no more than \$50,000 in fiscal year 2012 and no more than \$50,000 in fiscal year 2013 may be provided for the operation of entrepreneurs-in-residence programs at entrepreneurial assistance organizations external to higher education research institutions.

(15) Up to \$700,000 of the general fund--private/local appropriation is for pass-through grants to cities in central Puget Sound to plan for transfer of development rights receiving areas under the central Puget Sound regional transfer of development rights program.

(16) \$16,000 of the general fund--state appropriation for fiscal year 2012 is provided solely to implement section 503 of Substitute House Bill No. 1277 (licensed settings for vulnerable adults). The long-term care ombudsman shall convene an adult family home quality assurance panel to review problems concerning the quality of care for residents in adult family homes. If Substitute House Bill No. 1277 (licensed settings for vulnerable adults) is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(17) \$19,605,000 of the general fund--state appropriation for fiscal year 2012 and (~~(\$39,527,000)~~) \$25,527,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for establishment of the essential needs and housing support program created in Engrossed Substitute House Bill No. 2082 (essential needs and assistance program). The department of commerce shall

contract for these services with counties or community-based organizations involved in providing essential needs and housing supports to low-income persons who meet eligibility pursuant to Engrossed Substitute House Bill No. 2082. The department shall limit the funding used for administration of the program to no more than five percent. Counties and community providers shall limit the funding used for administration of the program to no more than seven percent.

(a) Of the amounts provided in this subsection, \$4,000,000 is provided solely for essential needs to clients who meet the eligibility established in Engrossed Substitute House Bill No. 2082. Counties and community-based organizations shall distribute basic essential products in a manner that prevents abuse. To the greatest extent possible, the counties or community-based organizations shall leverage local or private funds, and volunteer support to acquire and distribute the basic essential products.

(b) Of the amounts provided in this subsection, (~~(\$55,000,000)~~) \$41,000,000 is provided solely for housing support services to individuals who are homeless or who may become homeless, and are eligible for services under this program pursuant to Engrossed Substitute House Bill No. 2082.

(18) \$4,380,000 of the home security fund--state appropriation is provided solely for the department to provide homeless housing services in accordance with Engrossed Substitute House Bill No. 2048 (housing assistance surcharges). If Engrossed Substitute House Bill No. 2048 (housing assistance surcharges) is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

(19) \$85,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for the developmental disabilities council to contract for a family-to-family mentor program to provide information and support to families and guardians of persons who are transitioning out of residential habilitation centers. To the maximum extent allowable under federal law, these funds shall be matched under medicaid through the department of social and health services and federal funds shall be transferred to the department for the purposes stated in this subsection.

(20) (~~(\$2,802,000)~~) \$3,032,000 of the liquor revolving account--state appropriation is provided solely for the department to contract with the municipal research and services center of Washington.

(21) \$1,000,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for deposit in the shelter to housing project account, hereby created in the custody of the state treasurer as a nonappropriated account. The department may expend funds from the account solely for a two-year pilot project to enable young adults to move from temporary emergency shelter housing to transitional and permanent housing throughout King county. The pilot project will be administered under contract with the YMCA of greater Seattle in collaboration with the rising out of the shadows young adult shelter. Funding may be used for case management, housing subsidy, transportation, shelter services, training and evaluation. The pilot project and the shelter to housing project account expire December 31, 2014.

(22) \$12,000 of the general fund--state appropriation for fiscal year 2013 is provided solely to implement Engrossed Second Substitute Senate Bill No. 5292 (irrigation and port districts). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(23) \$100,000 of the general fund--private/local appropriation is provided solely for the department to provide analysis and an advisory opinion on whether a proposed electric generation project or conservation resource qualifies to meet mandatory conservation targets in accordance with Substitute Senate Bill No. 6414 (review process/utilities). The department is authorized to require an applicant to pay an application fee to cover the cost of reviewing the

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project and preparing an advisory opinion. If Substitute Senate Bill No. 6414 (review process/utilities) is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

Sec. 1109. 2012 2nd sp.s. c 7 s 131 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT

General Fund--State Appropriation (FY 2012)	\$18,369,000
General Fund--State Appropriation (FY 2013)	(\$18,584,000)
.....	\$18,678,000
General Fund--Federal Appropriation	(\$31,530,000)
.....	\$35,530,000
General Fund--Private/Local Appropriation.....	\$1,370,000
Performance Audits of Government Account--State	
Appropriation	\$198,000
Economic Development Strategic Reserve Account--State	
Appropriation	\$280,000
Department of Personnel Services--State	
Appropriation	\$8,551,000
Data Processing Revolving Account--State	
Appropriation	\$5,910,000
Higher Education Personnel Services Account--State	
Appropriation	\$1,537,000
Aquatic Lands Enhancement Account--State Appropriation	
.....	\$100,000
TOTAL APPROPRIATION	(\$86,429,000)
.....	\$90,523,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,210,000 of the general fund--state appropriation for fiscal year 2012 and \$1,210,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for implementation of House Bill No. 1178 (regulatory assistance office). If the bill is not enacted by June 30, 2011, the amounts provided in this subsection shall lapse.

(2) \$150,000 of the general fund--state appropriation for fiscal year 2012 is provided solely for the office of financial management to contract with an independent consultant to evaluate and recommend the most cost-effective provision of services required to support the department of social and health services special commitment center on McNeil Island. The evaluation shall include island operation services that include, but are not limited to: (a) Marine transport of passengers and goods; (b) wastewater treatment; (c) fire protection and suppression; (d) electrical supply; (e) water supply; and (f) road maintenance.

The office of financial management shall solicit the input of Pierce county, the department of corrections, and the department of social and health services in developing the request for proposal, evaluating applications, and directing the evaluation. The consultant shall report to the governor and legislature by November 15, 2011.

(3) \$100,000 of the aquatic lands enhancement account--state appropriation is provided solely for the office of financial management to prepare a report to be used to initiate a comprehensive, long-range planning process for the future of McNeil Island during the 2013-2015 fiscal biennium.

(a) The report on the initiation of the process must document:

(i) Ownership issues, including consultation with the federal government about its current legal requirements associated with the island;

(ii) Federal and state decision-making processes to change use or ownership;

(iii) Tribal treaty interests;

(iv) Fish and wildlife species and their habitats;

(v) Land use and public safety needs;

(vi) Recreational opportunities for the general public;

(vii) Historic and archaeological resources; and

(viii) Revenue from and necessary to support potential future uses of the island.

(b) The report shall develop and recommend a comprehensive, long-range planning process for the future of the island and associated aquatic resources, addressing the items in (a) of this subsection.

(c) The office of financial management may use its own staff and other public agency and tribal staff or contract for services, and may create a work group of knowledgeable agencies, organizations, and individuals to assist in preparing the report.

(d) The office of financial management shall engage in broad consultation with interested parties, including, but not limited to:

(i) Federal agencies with relevant responsibilities;

(ii) Tribal governments;

(iii) State agencies;

(iv) Local governments and communities in the area, including the Anderson Island community, Steilacoom, and Pierce county; and

(v) Interested private organizations and individuals.

(e) The report must be submitted to the governor and appropriate committees of the legislature by October 1, 2012.

(4) The appropriations in this section include funding for activities transferred from the sentencing guidelines commission to the office of financial management pursuant to Engrossed Substitute Senate Bill No. 5891 (criminal justice cost savings). Prior to the effective date of Engrossed Substitute Senate Bill No. 5891, the appropriations in this section may be expended for the continued operations and expenses of the sentencing guidelines commission pursuant to the expenditure authority schedule produced by the office of financial management in accordance with chapter 43.88 RCW.

~~((6))~~ (5) \$115,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for implementation of Engrossed Substitute House Bill No. 2483 (higher education coordination). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

~~((7))~~ (6)(a) The office of financial management shall determine if cost savings can be achieved by the state through contracting for interpreter services more effectively. The office of financial management must work with all state agencies that use interpreter services to determine:

(i) How agencies currently procure interpreter services;

(ii) To what degree brokers or foreign language agencies are used in the acquisition of interpreter services; and

(iii) The cost of interpreter services as currently provided.

(b) The office of financial management, in consultation with the department of enterprise services, must also examine approaches to procuring interpreter services, including using the department of enterprise services' master contract, limiting overhead costs associated with interpreter contracts, and direct scheduling of interpreters. The report must include recommendations for the state to procure services in a more consistent and cost-effective manner.

(c) The office of financial management, in consultation with the department of labor and industries, must determine the impact that any alternative approach to procuring interpreter services will have on medical providers.

(d) The report must include:

(i) Analysis of the current process for procuring interpreter services;

(ii) Recommendations regarding options to make obtaining interpreter services more consistent and cost-effective; and

(iii) Estimates for potential cost savings.

(e) The office of financial management must report to the fiscal committees of the legislature by December 1, 2012.

~~((8))~~ (7) \$25,000 of the general fund--state appropriation for fiscal year 2012 and \$225,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for implementation of House Bill No. 2824 (education funding). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

Sec. 1110. 2012 2nd sp.s. c 7 s 132 (uncodified) is amended to read as follows:

FOR THE OFFICE OF ADMINISTRATIVE HEARINGS

Administrative Hearings Revolving Account--State
 Appropriation~~((35,713,000))~~
\$36,413,000

The appropriation in this section is subject to the following conditions and limitations: ~~((769,000))~~ \$700,000 of the administrative hearings revolving account--state appropriation is provided solely to ~~((implement Engrossed Substitute Senate Bill No. 5921 (social services programs). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse))~~ accommodate the number of fair hearings associated with medical assistance programs on behalf of the health care authority.

Sec. 1111. 2012 2nd sp.s. c 7 s 136 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--OPERATIONS

Department of Retirement Systems Expense
 Account--State Appropriation.....~~((46,511,000))~~
\$46,591,000

The appropriation in this section is subject to the following conditions and limitations:

(1) \$146,000 of the department of retirement systems--state appropriation is provided solely for the administrative costs associated with implementation of House Bill No. 2070 (state and local government employees). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(2) \$65,000 of the department of retirement systems--state appropriation is provided solely for the administrative costs associated with implementation of House Bill No. 1625 (plan 3 default investment option). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(3) \$133,000 of the department of retirement systems--state appropriation is provided solely for the administrative costs associated with implementation of Engrossed House Bill No. 1981 as amended (post-retirement employment). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(4) \$15,000 of the department of retirement systems expense account--state appropriation is provided solely for the administrative costs associated with implementation of Substitute House Bill No. 2021 (plan 1 annual increase amounts). If the bill is not enacted by June 30, 2011, the amount provided in this section shall lapse.

(5) \$32,000 of the department of retirement systems--state appropriation is provided solely for the administrative costs associated with implementation of Engrossed Senate Bill No. 5159 (state patrol retirement system service credit). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

Sec. 1112. 2012 2nd sp.s. c 7 s 139 (uncodified) is amended to read as follows:

FOR THE OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES

OMWBE Enterprises Account--State Appropriation.....~~((3,654,000))~~
\$3,754,000

The appropriations in this section are subject to the following

conditions and limitations: \$100,000 of the minority and women's business enterprises account--state appropriation is provided for implementation of a certification program for small business enterprises. The agency will collaborate with the department of transportation to certify small businesses as small business enterprises.

Sec. 1113. 2012 2nd sp.s. c 7 s 142 (uncodified) is amended to read as follows:

FOR THE LIQUOR CONTROL BOARD

Liquor Control Board Construction and Maintenance
 Account--State Appropriation.....\$3,063,000
 Liquor Revolving Account--State Appropriation.....\$171,838,000
 General Fund--Federal Appropriation.....\$945,000
 General Fund--Private/Local Appropriation.....\$25,000
TOTAL APPROPRIATION\$175,871,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The legislature intends to facilitate the orderly transition of liquor services as required by Initiative Measure No. 1183. For liquor control board employees that remain through June 15, 2012, a temporary opportunity to cash out sick leave is provided to assist the unique challenges to the liquor control board and its employees posed by this transition.

(2) Within the amounts appropriated in this section from the liquor revolving account--state appropriation, liquor control board employees who: (a) Occupy positions in the job classifications provided in subsection (3)(c) of this section that will be eliminated after the liquor control board ceases to distribute liquor; and (b) remain as liquor control board employees through June 15, 2012, and who separate from service due to lay off by October 1, 2012, may elect to receive remuneration for their entire sick leave balance at a rate equal to one day's current monetary compensation of the employee for each four full days of accrued sick leave.

(3) The following conditions apply to sick leave cash out under this subsection:

(a) The rate of monetary compensation for the purposes of this subsection shall not be reduced by any temporary salary reduction;

(b) Remuneration or benefits received under this subsection shall not be included for the purpose of computing a retirement allowance under any public retirement system in this state;

(c) The following job classifications are eligible:

- (i) Liquor store clerk;
- (ii) Retail assistant store manager 1;
- (iii) Retail assistant store manager 2;
- (iv) Retail store manager 3;
- (v) Retail store manager 4;
- (vi) Retail district manager;
- (vii) Retail operations manager;
- (viii) Director of retail services;
- (ix) Director of distribution center;
- (x) Director of purchasing;
- (xi) Director of business enterprise;
- (xii) Warehouse operator 1;
- (xiii) Warehouse operator 2;
- (xiv) Warehouse operator 3; and
- (xv) Warehouse operator 4; and

(d) Should the legislature revoke any remuneration or benefits granted under this section, an affected employee shall not be entitled thereafter to receive such benefits as a matter of contractual right.

(4) Within the amounts appropriated in this section from the liquor revolving account--state appropriation, up to \$946,000 may be used by the liquor control board to implement Initiative Measure No. 502.

Sec. 1114. 2012 2nd sp.s. c 7 s 144 (uncodified) is amended to read as follows:

FOR THE MILITARY DEPARTMENT

SEVENTEENTH DAY, JUNE 28, 2013

2013 2ND SPECIAL SESSION

General Fund--State Appropriation (FY 2012)	\$7,116,000
General Fund--State Appropriation (FY 2013)	(\$6,872,000)
.....	\$6,938,000
General Fund--Federal Appropriation	(\$159,075,000)
.....	\$159,114,000
Enhanced 911 Account--State Appropriation.....	\$48,620,000
Disaster Response Account--State Appropriation	\$23,119,000
Disaster Response Account--Federal Appropriation....	\$91,368,000
Military Department Rent and Lease Account--State	
Appropriation	\$615,000
Worker and Community Right-to-Know Account--State	
Appropriation	\$2,163,000
TOTAL APPROPRIATION	(\$338,948,000)
.....	\$339,053,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$18,018,000 of the disaster response account--state appropriation and \$66,266,000 of the disaster response account--federal appropriation may be spent only on disasters declared by the governor and with the approval of the office of financial management. The military department shall submit a report to the office of financial management and the legislative fiscal committees on October 1st and February 1st of each year detailing information on the disaster response account, including:

(a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2011-2013 biennium based on current revenue and expenditure patterns.

(2) \$75,000,000 of the general fund--federal appropriation is provided solely for homeland security, subject to the following conditions:

(a) Any communications equipment purchased by local jurisdictions or state agencies shall be consistent with standards set by the Washington state interoperability executive committee; and

(b) The department shall submit an annual report to the office of financial management and the legislative fiscal committees detailing the governor's domestic security advisory group recommendations; homeland security revenues and expenditures, including estimates of total federal funding for the state; and incremental changes from the previous estimate.

(3) \$15,000 of the general fund--state appropriation in fiscal year 2013 is provided solely to maintain the three generator systems that allow the emergency operations center and emergency management division to operate during unexpected power outages.

Sec. 1115. 2012 2nd sp.s. c 7 s 149 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ENTERPRISE SERVICES

General Fund--State Appropriation (FY 2012)	\$3,401,000
General Fund--State Appropriation (FY 2013)	\$3,309,000
((General Fund--Federal Appropriation.....	\$177,000
General Fund--Private/Local Appropriation.....	\$368,000))
Building Code Council Account--State Appropriation ...	\$1,186,000
Department of Personnel Service Account--State	
Appropriation	\$11,117,000
Enterprise Services Account--State Appropriation.....	\$26,336,000
TOTAL APPROPRIATION	(\$45,894,000)
.....	\$45,349,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The appropriations in this section are for the operations and expenses of the department of enterprise services as established by Engrossed Substitute Senate Bill No. 5931 (central service functions of state government), effective October 1, 2011. Prior to October 1, 2011, the appropriations in this section may be expended for the continued operations and expenses of the office of financial

management, the department of general administration, the department of information services, and the department of personnel, pursuant to the expenditure authority schedules produced by the office of financial management, in accordance with chapter 43.88 RCW.

(2) \$3,028,000 of the general fund--state appropriation for fiscal year 2012 and \$2,967,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the payment of facilities and services charges, utilities and contracts charges, public and historic facilities charges, and capital projects surcharges allocable to the senate, house of representatives, statute law committee, and joint legislative systems committee. The department shall allocate charges attributable to these agencies among the affected revolving funds. The department shall maintain an interagency agreement with these agencies to establish performance standards, prioritization of preservation and capital improvement projects, and quality assurance provisions for the delivery of services under this subsection. The legislative agencies named in this subsection shall continue to enjoy all of the same rights of occupancy and space use on the capitol campus as historically established.

(3) In accordance with RCW 46.08.172 and 43.135.055, the department is authorized to increase parking fees in fiscal years 2012 and 2013 as necessary to meet the actual costs of conducting business.

(4) The building code council account appropriation is provided solely for the operation of the state building code council as required by statute and modified by the standards established by executive order 10-06. The council shall not consider any proposed code amendment or take any other action not authorized by statute or in compliance with the standards established in executive order 10-06. No member of the council may receive compensation, per diem, or reimbursement for activities other than physical attendance at those meetings of the state building code council or the council's designated committees, at which the opportunity for public comment is provided generally and on all agenda items upon which the council proposes to take action.

(5) Specific funding is provided for the purposes of section 3 of House Bill No. 1770 (state purchasing).

(6) The amounts appropriated in this section are for implementation of Senate Bill No. 5931 (streamlining central service functions).

(7) The department of enterprise services shall purchase flags needed for ceremonial occasions on the capitol campus in order to fully represent the countries that have an international consulate in Washington state.

(8) Before any agency may purchase a passenger motor vehicle as defined in RCW 43.19.560, the agency must have written approval from the director of the department of enterprise services.

(9) The department shall adjust billings for self-insurance premiums to transportation agencies to reflect rate reductions assumed in this act.

(End of part)

**PART XII
HUMAN SERVICES**

Sec. 1201. 2012 2nd sp.s. c 7 s 201 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES

(1) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act. Appropriations made in this act to the department of social and health services shall initially be allotted as

required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act except as expressly provided in this act, nor shall allotment modifications permit moneys that are provided solely for a specified purpose to be used for other than that purpose.

(2) The department of social and health services shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(3)(a) The health care authority and the department are authorized to develop an integrated health care program designed to slow the progression of illness and disability and better manage medicaid expenditures for the aged and disabled population. Under the Washington medicaid integration partnership (WMIP) and the medicare integrated care project (MICP), the health care authority and the department may combine and transfer such medicaid funds appropriated under sections 204, 206, 208, and 213 of this act as may be necessary to finance a unified health care plan for the WMIP and the MICP program enrollment. The WMIP pilot projects shall not exceed a daily enrollment of 6,000 persons, nor expand beyond one county during the 2011-2013 fiscal biennium. The amount of funding assigned from each program may not exceed the average per capita cost assumed in this act for individuals covered by that program, actuarially adjusted for the health condition of persons enrolled, times the number of clients enrolled. In implementing the WMIP and the MICP, the health care authority and the department may: (i) Withhold from calculations of "available resources" as set forth in RCW 71.24.025 a sum equal to the capitated rate for enrolled individuals; and (ii) employ capitation financing and risk-sharing arrangements in collaboration with health care service contractors licensed by the office of the insurance commissioner and qualified to participate in both the medicaid and medicare programs. The health care authority and the department shall conduct an evaluation of the WMIP by October 15, 2012, and of the MICP measuring changes in participant health outcomes, changes in patterns of service utilization, participant satisfaction, participant access to services, and the state fiscal impact.

(b) Effective January 1, 2013, if Washington has been selected to participate in phase two of the federal demonstration project for persons dually-eligible for both medicare and medicaid, the department and the authority may initiate the MICP. Participation in the project shall be limited to persons who are eligible for both medicare and medicaid and to counties in which the county legislative authority has agreed to the terms and conditions under which it will operate. The purpose of the project shall be to demonstrate and evaluate ways to improve care while reducing state expenditures for persons enrolled both in medicare and medicaid. To that end, prior to initiating the project, the department and the authority shall assure that state expenditures shall be no greater on either a per person or total basis than the state would otherwise incur. Individuals who are solely eligible for medicaid may also

participate if their participation is agreed to by the health care authority, the department, and the county legislative authority.

(4) The legislature finds that medicaid payment rates, as calculated by the department pursuant to the appropriations in this act, bear a reasonable relationship to the costs incurred by efficiently and economically operated facilities for providing quality services and will be sufficient to enlist enough providers so that care and services are available to the extent that such care and services are available to the general population in the geographic area. The legislature finds that cost reports, payment data from the federal government, historical utilization, economic data, and clinical input constitute reliable data upon which to determine the payment rates.

(5) The department shall to the maximum extent practicable use the same system for delivery of spoken-language interpreter services for social services appointments as the one established for medical appointments in section 213 of this act. When contracting directly with an individual to deliver spoken language interpreter services, the department shall only contract with language access providers who are working at a location in the state and who are state-certified or state-authorized, except that when such a provider is not available, the department may use a language access provider who meets other certifications or standards deemed to meet state standards, including interpreters in other states.

(6)(a) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act. However, after May 1, ~~((2012))~~ 2013, unless specifically prohibited by this act, the department may transfer general fund--state appropriations for fiscal year ~~((2012))~~ 2013 among programs after approval by the director of financial management. However, the department shall not transfer state moneys that are provided solely for a specified purpose except as expressly provided in (b) of this subsection.

(b) To the extent that transfers under (a) of this subsection are insufficient to fund actual expenditures in excess of fiscal year ~~((2012))~~ 2013 caseload forecasts and utilization assumptions in the long-term care, foster care, adoptions support, medicaid personal care, and child support programs, the department may transfer state moneys that are provided solely for a specified purpose. The department shall not transfer funds, and the director of financial management shall not approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any allotment modifications or transfers under this subsection. The written notification shall include a narrative explanation and justification of the changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

Sec. 1202. 2012 2nd sp.s. c 7 s 202 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--CHILDREN AND FAMILY SERVICES PROGRAM	
General Fund--State Appropriation (FY 2012)	\$287,014,000
General Fund--State Appropriation (FY 2013)	((285,018,000))
.....	\$277,399,000
General Fund--Federal Appropriation	((479,315,000))
.....	\$477,138,000
General Fund--Private/Local Appropriation.....	((1,354,000))
.....	\$1,804,000
Home Security Fund Account--State Appropriation	\$10,741,000
Domestic Violence Prevention Account--State	
Appropriation	\$1,240,000
Education Legacy Trust Account--State Appropriation	\$725,000
TOTAL APPROPRIATION	((1,065,407,000))

.....\$1,056,061,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Within amounts provided for the foster care and adoption support programs, the department shall control reimbursement decisions for foster care and adoption support cases such that the aggregate average cost per case for foster care and for adoption support does not exceed the amounts assumed in the projected caseload expenditures.

(2) \$668,000 of the general fund--state appropriation for fiscal year 2012 and \$668,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to contract for the operation of one pediatric interim care center. The center shall provide residential care for up to thirteen children through two years of age. Seventy-five percent of the children served by the center must be in need of special care as a result of substance abuse by their mothers. The center shall also provide on-site training to biological, adoptive, or foster parents. The center shall provide at least three months of consultation and support to the parents accepting placement of children from the center. The center may recruit new and current foster and adoptive parents for infants served by the center. The department shall not require case management as a condition of the contract. The department shall collaborate with the pediatric interim care center to determine if and how the center could be appropriately incorporated into the performance-based contract model and report its findings to the legislature by December 1, 2012.

(3)(a) \$80,887,000 of the general fund--state appropriation for fiscal year 2012, (~~(\$81,067,000)~~ \$76,567,000 of the general fund--state appropriation for fiscal year 2013, and (~~(\$74,800,000)~~ \$71,598,034 of the general fund--federal appropriation are provided solely for services for children and families. The amounts provided in this section shall be allotted on a monthly basis and expenditures shall not exceed allotments based on a three month rolling average without approval of the office of financial management following notification to the legislative fiscal committees.

(b) The department shall use these services to safely reduce the number of children in out-of-home care, safely reduce the time spent in out-of-home care prior to achieving permanency, and safely reduce the number of children returning to out-of-home care following permanency. The department shall provide an initial report to the legislature and the governor by January 15, 2012, regarding the start-up costs associated with performance-based contracts under RCW 74.13.360 .

(c) Of the amounts provided in (a) of this subsection, \$579,000 of the general fund--state appropriation for fiscal year 2013 and \$109,000 of the general fund--federal appropriation are provided solely for a receiving care center east of the Cascade mountains.

(4) \$176,000 of the general fund--state appropriation for fiscal year 2012, \$177,000 of the general fund--state appropriation for fiscal year 2013, \$656,000 of the general fund--private/local appropriation, \$253,000 of the general fund--federal appropriation, and \$725,000 of the education legacy trust account--state appropriation are provided solely for children's administration to contract with an educational advocacy provider with expertise in foster care educational outreach. The amounts in this subsection are provided solely for contracted education coordinators to assist foster children in succeeding in K-12 and higher education systems and to assure a focus on education during the transition to performance based contracts. Funding shall be prioritized to regions with high numbers of foster care youth and/or regions where backlogs of youth that have formerly requested educational outreach services exist. The department shall utilize private matching funds to maintain educational advocacy services.

(5) \$670,000 of the general fund--state appropriation for fiscal year 2012 and \$670,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for services provided through children's advocacy centers.

(6) To ensure expenditures remain within available funds appropriated in this section as required by RCW 74.13A.005 and 74.13A.020, the secretary shall not set the amount of any adoption assistance payment or payments, made pursuant to RCW 26.33.320 and 74.13A.005 through 74.13A.080, to more than ninety percent of the foster care maintenance payment for that child had he or she remained in a foster family home during the same period. This subsection does not apply to adoption assistance agreements in existence on the effective date of this section.

(7) \$10,741,000 of the home security fund--state appropriation is provided solely for the department to contract for services pursuant to RCW 13.32A.030 and 74.15.220. The department shall contract and collaborate with service providers in a manner that maintains the availability and geographic representation of secure and semi-secure crisis residential centers and HOPE centers. To achieve efficiencies and increase utilization, the department shall allow the co-location of these centers, except that a youth may not be placed in a secure facility or the secure portion of a co-located facility except as specifically authorized by chapter 13.32A RCW. The reductions to appropriations in this subsection related to semi-secure crisis residential centers reflect a reduction to the number of beds for semi-secure crisis residential centers and not a reduction in rates. Any secure crisis residential center or semi-secure crisis residential center bed reduction shall not be based solely upon bed utilization. The department is to exercise its discretion in reducing the number of beds but to do so in a manner that maintains availability and geographic representation of semi-secure and secure crisis residential centers.

(8) \$47,000 of the general fund--state appropriation for fiscal year 2012, \$14,000 of the general fund--state appropriation for fiscal year 2013, and \$40,000 of the general fund--federal appropriation are provided solely to implement Substitute House Bill No. 1697 (dependency system). If the bill is not enacted by June 30, 2011, the amounts provided in this subsection shall lapse.

(9) \$564,000 of the general fund--federal appropriation is provided solely to implement Second Substitute House Bill No. 1128 (extended foster care). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(10) \$799,000 of the general fund--state appropriation for fiscal year 2013 and \$799,000 of the general fund--federal appropriation are provided solely for the implementation of Engrossed Second Substitute House Bill No. 2264 (child welfare/contracting). If the bill is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

(11) \$178,000 of the general fund--federal appropriation is provided solely for the implementation of Engrossed Second Substitute House Bill No. 2592 (extended foster care). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(12) \$616,000 of the general fund--state appropriation for fiscal year 2013 and \$616,000 of the general fund--federal appropriation are provided solely for the implementation of Engrossed Substitute Senate Bill No. 6555 (child protective services). If the bill is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

Sec. 1203. 2012 2nd sp.s. c 7 s 203 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--JUVENILE REHABILITATION PROGRAM
General Fund--State Appropriation (FY 2012)\$85,723,000
General Fund--State Appropriation (FY 2013)(~~(\$85,258,000)~~)

.....	\$85,546,000
General Fund--Federal Appropriation	(\$3,808,000)
\$3,808,000	
General Fund--Private/Local Appropriation.....	(\$1,903,000)
.....	\$1,904,000
Washington Auto Theft Prevention Authority Account--	
State Appropriation	\$196,000
Juvenile Accountability Incentive Account--Federal	
Appropriation.....	\$2,801,000
TOTAL APPROPRIATION	(\$179,690,000)
.....	\$179,978,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$331,000 of the general fund--state appropriation for fiscal year 2012 and \$331,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for deposit in the county criminal justice assistance account for costs to the criminal justice system associated with the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county adult court costs associated with the implementation of chapter 338, Laws of 1997 and shall be distributed in accordance with RCW 82.14.310.

(2) \$2,716,000 of the general fund--state appropriation for fiscal year 2012 and \$2,716,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county impacts associated with the implementation of chapter 338, Laws of 1997 and shall be distributed to counties as prescribed in the current consolidated juvenile services (CJS) formula.

(3) \$3,482,000 of the general fund--state appropriation for fiscal year 2012 and \$3,482,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

(4) \$1,130,000 of the general fund--state appropriation for fiscal year 2012 and \$1,130,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to implement alcohol and substance abuse treatment programs for locally committed offenders. The juvenile rehabilitation administration shall award these moneys on a competitive basis to counties that submitted a plan for the provision of services approved by the division of alcohol and substance abuse. The juvenile rehabilitation administration shall develop criteria for evaluation of plans submitted and a timeline for awarding funding and shall assist counties in creating and submitting plans for evaluation.

(5) \$3,123,000 of the general fund--state appropriation for fiscal year 2012 and \$3,123,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for grants to county juvenile courts for the following programs identified by the Washington state institute for public policy (institute) in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Functional family therapy, multi-systemic therapy, aggression replacement training and interagency coordination programs, or other programs with a positive benefit-cost finding in the institute's report. County juvenile courts shall apply to the juvenile rehabilitation administration for funding for program-specific participation and the administration shall provide grants to the courts consistent with the per-participant treatment costs identified by the institute.

(6) \$1,537,000 of the general fund--state appropriation for fiscal year 2012 and \$1,537,000 of the general fund--state appropriation

for fiscal year 2013 are provided solely for expansion of the following treatments and therapies in juvenile rehabilitation administration programs identified by the Washington state institute for public policy in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Multidimensional treatment foster care, family integrated transitions, and aggression replacement training, or other programs with a positive benefit-cost finding in the institute's report. The administration may concentrate delivery of these treatments and therapies at a limited number of programs to deliver the treatments in a cost-effective manner.

(7)(a) The juvenile rehabilitation administration shall administer a block grant, rather than categorical funding, of consolidated juvenile service funds, community juvenile accountability act grants, the chemical dependency disposition alternative funds, the mental health disposition alternative, and the sentencing disposition alternative for the purpose of serving youth adjudicated in the juvenile justice system. In making the block grant, the juvenile rehabilitation administration shall follow the following formula and will prioritize evidence-based programs and disposition alternatives and take into account juvenile courts program-eligible youth in conjunction with the number of youth served in each approved evidence-based program or disposition alternative: (i) Thirty-seven and one-half percent for the at-risk population of youth ten to seventeen years old; (ii) fifteen percent for moderate and high-risk youth; (iii) twenty-five percent for evidence-based program participation; (iv) seventeen and one-half percent for minority populations; (v) three percent for the chemical dependency disposition alternative; and (vi) two percent for the mental health and sentencing dispositional alternatives. Funding for the special sex offender disposition alternative (SSODA) shall not be included in the block grant, but allocated on the average daily population in juvenile courts. Funding for the evidence-based expansion grants shall be excluded from the block grant formula. Funds may be used for promising practices when approved by the juvenile rehabilitation administration and juvenile courts, through the community juvenile accountability act committee, based on the criteria established in consultation with Washington state institute for public policy and the juvenile courts.

(b) The juvenile rehabilitation administration shall phase the implementation of the formula provided in subsection (1) of this section by including a stop-loss formula of five percent in fiscal year 2012 and five percent in fiscal year 2013.

(c) The juvenile rehabilitation administration and the juvenile courts shall establish a block grant funding formula oversight committee with equal representation from the juvenile rehabilitation administration and the juvenile courts. The purpose of this committee is to assess the ongoing implementation of the block grant funding formula, utilizing data-driven decision making and the most current available information. The committee will be cochaired by the juvenile rehabilitation administration and the juvenile courts, who will also have the ability to change members of the committee as needed to achieve its purpose. Initial members will include one juvenile court representative from the finance committee, the community juvenile accountability act committee, the risk assessment quality assurance committee, the executive board of the Washington association of juvenile court administrators, the Washington state center for court research, and a representative of the superior court judges association; two representatives from the juvenile rehabilitation administration headquarters program oversight staff, two representatives of the juvenile rehabilitation administration regional office staff, one representative of the juvenile rehabilitation administration fiscal staff and a juvenile rehabilitation administration division director. The committee may make changes to the formula categories other

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than the evidence-based program and disposition alternative categories if it is determined the changes will increase statewide service delivery or effectiveness of evidence-based program or disposition alternative resulting in increased cost benefit savings to the state. Long-term cost benefit must be considered. Percentage changes may occur in the evidence-based program or disposition alternative categories of the formula should it be determined the changes will increase evidence-based program or disposition alternative delivery and increase the cost benefit to the state. These outcomes will also be considered in determining when evidence-based expansion or special sex offender disposition alternative funds should be included in the block grant or left separate.

(d) The juvenile courts and administrative office of the courts shall be responsible for collecting and distributing information and providing access to the data systems to the juvenile rehabilitation administration and the Washington state institute for public policy related to program and outcome data. The juvenile rehabilitation administration and the juvenile courts will work collaboratively to develop program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(8) The juvenile courts and administrative office of the courts shall collect and distribute information related to program outcome and provide access to these data systems to the juvenile rehabilitation administration and Washington state institute for public policy. Consistent with chapter 13.50 RCW, all confidentiality agreements necessary to implement this information-sharing shall be approved within 30 days of the effective date of this section. The agreements between administrative office of the courts, the juvenile courts, and the juvenile rehabilitation administration shall be executed to ensure that the juvenile rehabilitation administration receives the data that the juvenile rehabilitation administration identifies as needed to comply with this subsection. This includes, but is not limited to, information by program at the statewide aggregate level, individual court level, and individual client level for the purpose of the juvenile rehabilitation administration providing quality assurance and oversight for the locally committed youth block grant and associated funds and at times as specified by the juvenile rehabilitation administration as necessary to carry out these functions. The data shall be provided in a manner that reflects the collaborative work the juvenile rehabilitation administration and juvenile courts have developed regarding program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(9) The Washington association of juvenile court administrators and the juvenile rehabilitation administration, in consultation with the community juvenile accountability act advisory committee and the Washington state institute for public policy, shall analyze and review data elements available from the administrative office of the courts for possible integration into the evidence-based program quality assurance plans and processes. The administrative office of the courts, the Washington association of juvenile court administrators, and the juvenile rehabilitation administration shall provide information necessary to complete the review and analysis. The Washington association of juvenile court administrators and the juvenile rehabilitation administration shall report the findings of their review and analysis, as well as any recommendations, to the legislature by December 1, 2012.

Sec. 1204. 2012 2nd sp.s. c 7 s 204 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MENTAL HEALTH PROGRAM

(1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund--State Appropriation (FY 2012)	\$317,734,000
General Fund--State Appropriation (FY 2013).....	(\$324,319,000)
.....	\$321,411,000
General Fund--Federal Appropriation	(\$449,593,000)
.....	\$446,421,000
General Fund--Private/Local Appropriation.....	\$17,864,000
Hospital Safety Net Assessment Fund--State	
Appropriation	\$5,251,000
TOTAL APPROPRIATION	(\$1,114,761,000)
.....	\$1,108,681,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$109,342,000 of the general fund--state appropriation for fiscal year 2012 and \$109,341,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for persons and services not covered by the medicaid program. This is a reduction of \$4,348,000 each fiscal year from the nonmedicaid funding that was allocated for expenditure by regional support networks during fiscal year 2011 prior to supplemental budget reductions. This \$4,348,000 reduction shall be distributed among regional support networks proportional to each network's share of the total state population. To the extent possible, levels of regional support network spending shall be maintained in the following priority order: (i) Crisis and commitment services; (ii) community inpatient services; and (iii) residential care services, including personal care and emergency housing assistance.

(b) \$6,590,000 of the general fund--state appropriation for fiscal year 2012, \$6,590,000 of the general fund--state appropriation for fiscal year 2013, and \$7,620,000 of the general fund--federal appropriation are provided solely for the department and regional support networks to continue to contract for implementation of high-intensity programs for assertive community treatment (PACT) teams. In determining the proportion of medicaid and nonmedicaid funding provided to regional support networks with PACT teams, the department shall consider the differences between regional support networks in the percentages of services and other costs associated with the teams that are not reimbursable under medicaid. The department may allow regional support networks which have nonmedicaid reimbursable costs that are higher than the nonmedicaid allocation they receive under this section to supplement these funds with local dollars or funds received under section 204(1)(a) of this act. The department and regional support networks shall maintain consistency with all essential elements of the PACT evidence-based practice model in programs funded under this section.

(c) \$5,850,000 of the general fund--state appropriation for fiscal year 2012, \$5,850,000 of the general fund--state appropriation for fiscal year 2013, and \$1,300,000 of the general fund--federal appropriation are provided solely for the western Washington regional support networks to provide either community- or hospital campus-based services for persons who require the level of care previously provided by the program for adaptive living skills (PALS) at western state hospital.

(d) The number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall be 192 per day. The number of nonforensic beds allocated for use by regional support networks at western state hospital shall be 557 per day.

(e) From the general fund--state appropriations in this subsection, the secretary of social and health services shall assure that regional support networks reimburse the aging and disability services administration for the general fund--state cost of medicaid personal care services that enrolled regional support network consumers use because of their psychiatric disability.

(f) \$4,582,000 of the general fund--state appropriation for fiscal year 2012 and \$4,582,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for mental health services for mentally ill offenders while confined in a county or city jail and for facilitating access to programs that offer mental health services upon release from confinement.

(g) The department is authorized to continue to contract directly, rather than through contracts with regional support networks, for children's long-term inpatient facility services.

(h) \$750,000 of the general fund--state appropriation for fiscal year 2012 and \$750,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to continue performance-based incentive contracts to provide appropriate community support services for individuals with severe mental illness who were discharged from the state hospitals as part of the expanding community services initiative. These funds will be used to enhance community residential and support services provided by regional support networks through other state and federal funding.

(i) \$1,125,000 of the general fund--state appropriation for fiscal year 2012 and \$1,125,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the Spokane regional support network to implement services to reduce utilization and the census at eastern state hospital. Such services shall include:

(i) High intensity treatment team for persons who are high utilizers of psychiatric inpatient services, including those with co-occurring disorders and other special needs;

(ii) Crisis outreach and diversion services to stabilize in the community individuals in crisis who are at risk of requiring inpatient care or jail services;

(iii) Mental health services provided in nursing facilities to individuals with dementia, and consultation to facility staff treating those individuals; and

(iv) Services at the sixteen-bed evaluation and treatment facility.

At least annually, the Spokane regional support network shall assess the effectiveness of these services in reducing utilization at eastern state hospital, identify services that are not optimally effective, and modify those services to improve their effectiveness.

(j) \$1,529,000 of the general fund--state appropriation for fiscal year 2012 and \$1,529,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to reimburse Pierce and Spokane counties for the cost of conducting 180-day commitment hearings at the state psychiatric hospitals.

(k) Regional support networks may use local funds to earn additional federal medicaid match, provided the locally matched rate does not exceed the upper-bound of their federally allowable rate range, and provided that the enhanced funding is used only to provide medicaid state plan or waiver services to medicaid clients. Additionally, regional support networks may use a portion of the state funds allocated in accordance with (a) of this subsection to earn additional medicaid match, but only to the extent that the application of such funds to medicaid services does not diminish the level of crisis and commitment, community inpatient, residential care, and outpatient services presently available to persons not eligible for medicaid.

(l) Given the recent approval of federal medicaid matching funds for the disability lifeline and the alcohol and drug abuse treatment support act programs, the department shall charge regional support networks for only the state share rather than the total cost of community psychiatric hospitalization for persons enrolled in those programs.

(m) \$750,000 of the general fund--state appropriation for fiscal year 2012, \$750,000 of the general fund--state appropriation for fiscal year 2013, and \$1,500,000 of the general fund--federal appropriation are provided solely to adjust regional support network capitation rates to account for the per diem rates actually paid for

psychiatric care provided at hospitals participating in the certified public expenditure program operated pursuant to section 213 of this act.

(n) The appropriations in this section reflect efficiencies to be achieved through voluntary consolidation of regional support networks in accordance with Substitute House Bill No. 2139 (regional support networks). Voluntary consolidation of regional support networks is expected to result in administrative efficiencies and maximize dollars available for direct services to individuals with mental illnesses without corresponding increases in state appropriations.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2012)	\$115,017,000
General Fund--State Appropriation (FY 2013)	(\$112,603,000)
.....	\$118,883,000
General Fund--Federal Appropriation	(\$153,618,000)
.....	\$152,917,000
General Fund--Private/Local Appropriation.....	(\$67,325,000)
.....	\$64,555,000
TOTAL APPROPRIATION	(\$448,563,000)
.....	\$451,372,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The state psychiatric hospitals may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

(b) \$231,000 of the general fund--state appropriation for fiscal year 2012 and \$231,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a community partnership between western state hospital and the city of Lakewood to support community policing efforts in the Lakewood community surrounding western state hospital. The amounts provided in this subsection (2)(b) are for the salaries, benefits, supplies, and equipment for one full-time investigator, one full-time police officer, and one full-time community service officer at the city of Lakewood.

(c) \$45,000 of the general fund--state appropriation for fiscal year 2012 and \$45,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for payment to the city of Lakewood for police services provided by the city at western state hospital and adjacent areas.

(d) \$20,000,000 of the general fund--state appropriation for fiscal year 2012 and \$20,000,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to maintain staffed capacity to serve an average daily census in forensic wards at western state hospital of 270 patients per day.

(e) The appropriations in this section reflect efficiencies to be achieved through enactment of Substitute Senate Bill No. 6492 (competency to stand trial). These efficiencies are expected to enable the hospitals to substantially increase the timeliness with which evaluations of defendant competency to stand trial are completed, and treatment to restore competency is initiated, without corresponding increases in state appropriations.

(3) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2012)	\$1,148,000
General Fund--State Appropriation (FY 2013)	\$1,276,000
General Fund--Federal Appropriation	(\$4,198,000)
.....	\$5,198,000
General Fund--Private/Local Appropriation.....	\$700,000
TOTAL APPROPRIATION	(\$7,322,000)
.....	\$8,322,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$1,161,000 of the general fund--state appropriation for fiscal year 2012 and \$1,161,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for children's

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evidence-based mental health services. Funding is sufficient to continue serving children at the same levels as fiscal year 2009.

(b) \$700,000 of the general fund--private/local appropriation is provided solely for the University of Washington's evidence-based practice institute which supports the identification, evaluation, and implementation of evidence-based or promising practices for serving children and youth with mental health disorders. The department shall enter into an interagency agreement with the office of the attorney general for expenditure of \$700,000 of the state's proceeds of the *cy pres* settlement in *State of Washington v. AstraZeneca* (Seroquel) for this purpose.

(c) \$135,000 of the general fund--state appropriation for fiscal year 2013 and \$89,000 of the general fund--federal appropriation are provided solely for the department to contract with the University of Washington's evidence-based practice institute and the Washington state institute for public policy to consult with the department and the health care authority on the implementation of Engrossed Second Substitute House Bill No. 2536 (children services/delivery). The department's programs responsible for administration of mental health, child welfare, and juvenile justice programs will coordinate with the health care authority on the development of contract terms which facilitate efforts to meet requirements of the bill. If Engrossed Second Substitute House Bill No. 2536 (children services/delivery) is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

(4) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2012)	\$4,482,000
General Fund--State Appropriation (FY 2013)	(\$4,247,000)
.....	\$4,161,000
General Fund--Federal Appropriation	(\$7,210,000)
.....	\$7,128,000
General Fund--Private/Local Appropriation.....	\$446,000
TOTAL APPROPRIATION	(\$16,385,000)
.....	\$16,217,000

(a) The appropriations in this subsection are subject to the following conditions and limitations: In accordance with RCW 43.20B.110, 43.135.055, and 71.24.035, the department is authorized to increase license and certification fees in fiscal years 2012 and 2013 to support the costs of the regulatory program. The fee schedule increases must be developed so that the maximum amount of additional fees paid by providers statewide in the 2011-2013 fiscal biennium is \$446,000. The department's fee schedule shall have differential rates for providers with proof of accreditation from organizations that the department has determined to have substantially equivalent standards to those of the department, including but not limited to the joint commission on accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, and the council on accreditation. To reflect the reduced costs associated with regulation of accredited programs, the department's fees for organizations with such proof of accreditation must reflect the lower costs of licensing for these programs than for other organizations which are not accredited.

(b) \$19,000 of the general fund--state appropriation for fiscal year 2012, \$17,000 of the general fund--state appropriation for fiscal year 2013, and \$34,000 of the general fund--federal appropriation are provided solely to support a partnership among the department of social and health services, the department of health, and agencies that deliver medical care and behavioral health services in Cowlitz county. The partnership shall identify and recommend strategies for resolving regulatory, licensing, data management, reporting, and funding barriers to more effective integration of primary medical and behavioral health care services in the county.

Sec. 1205. 2012 2nd sp.s. c 7 s 205 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--DEVELOPMENTAL DISABILITIES PROGRAM

(1) COMMUNITY SERVICES

General Fund--State Appropriation (FY 2012)	\$405,412,000
General Fund--State Appropriation (FY 2013)	(\$420,327,000)
.....	\$409,868,000
General Fund--Federal Appropriation	(\$752,059,000)
.....	\$743,824,000
General Fund--Private/Local Appropriation.....	\$184,000
TOTAL APPROPRIATION	(\$1,577,982,000)
.....	\$1,559,288,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) Amounts appropriated in this subsection reflect a reduction to funds appropriated for in-home care. The department shall reduce the number of in-home hours authorized. The reduction shall be scaled based on the acuity level of care recipients. The largest hour reductions shall be to lower acuity patients and the smallest hour reductions shall be to higher acuity patients.

(c) Amounts appropriated in this subsection are sufficient to develop and implement the use of a consistent, statewide outcome-based vendor contract for employment and day services by July 1, 2012. The rates paid to vendors under this contract shall also be made consistent. In its description of activities the agency shall include activity listings and dollars appropriated for: Employment services, day services, child development services and county administration of services to the developmentally disabled. The department shall begin reporting to the office of financial management on these activities beginning in fiscal year 2010.

(d) \$944,000 of the general fund--state appropriation for fiscal year 2012, \$944,000 of the general fund--state appropriation for fiscal year 2013, and \$1,888,000 of the general fund--federal appropriation are provided solely for state contributions for individual provider health care benefits. Pursuant to the collective bargaining agreement negotiated with the exclusive bargaining representative of individual providers established under RCW 74.39A.270, the state shall contribute to the multiemployer health benefits trust fund \$2.21 per paid hour worked by individual providers.

(e) \$1,329,000 of the general fund--state appropriation for fiscal year 2012, \$1,622,000 of the general fund--state appropriation for fiscal year 2013, and \$2,947,000 of the general fund--federal appropriation are provided solely for the state's contribution to the training partnership, as provided in RCW 74.39A.360, for instructional costs associated with the training of individual providers. Contributions are funded at \$0.22 per benefit-eligible paid hour worked by all home care workers. Expenditures for the purposes specified in this subsection shall not exceed the amounts provided in this subsection. However, if the governor and the service employees international union healthcare 775nw can reach agreement on repurposing funding that is currently provided in the individual provider collective bargaining agreement for new individual provider wages paid during training or other training related items, then expenditures for training trust contributions for individual providers may include the amounts provided in this subsection and the agreed upon repurposed funding. Funding in this section for purposes other than the individual provider collective bargaining agreement cannot be used for the purposes of this subsection (1)(e). It is the intent of the legislature that the

funding provided in this subsection, including any repurposed funding, is sufficient to cover the costs of individual provider training and therefore tuition or other entrance fees are not necessary.

(f) (~~(\$104,669,000)~~) \$107,538,000 of the general fund--state appropriation for fiscal year 2013 and (~~(\$104,669,000)~~) \$107,535,000 of the general fund--federal appropriation are provided solely for the department to provide personal care services to waiver and nonwaiver in-home clients. The department shall provide the legislature with a report by December 5, 2012, on the feasibility of converting the medicaid personal care program for in-home adults to a medicaid program as found in section 1915(i) of the federal social security act that utilizes the option for self-direction of individualized budgets. The department shall operate the personal care program within the amounts specifically provided.

(g)(i) Within the amounts appropriated in this subsection, the department shall revise the current working age adult policy to allow clients to choose between employment and community access activities. Clients age 21 and older who are receiving services through a home- and community-based medicaid waiver shall be offered the choice to transition to a community access program after nine months of enrollment in an employment program, and the option to transition from a community access program to an employment program at any time. The department shall inform clients and their legal representatives of all available options for employment and day services. Information provided to the client and the client's legal representative shall include the types of activities each service option provides, and the amount, scope, and duration of service for which the client would be eligible under each service option. An individual client may be authorized for only one service option, either employment services or community access services. Clients may not participate in more than one of these services at any given time.

(ii) The department shall work with counties and stakeholders to strengthen and expand the existing community access program. The program must emphasize support for the client so they are able to participate in activities that integrate them into their community and support independent living and skills.

(iii) The appropriation in this subsection includes funding to provide employment or community access services to 168 medicaid eligible young adults with developmental disabilities living with their families who need employment opportunities and assistance after high school graduation.

(h) \$75,000 of the general fund--state appropriation for fiscal year 2012 and \$75,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the restoration of direct support to local organizations that utilize parent-to-parent networks and communication to promote access and quality of care for individuals with developmental disabilities and their families.

(i) In accordance with Engrossed Substitute House Bill No. 1277 (licensed settings for vulnerable adults), adult family home license fees are increased in fiscal years 2012 and 2013 to support the costs of conducting licensure, inspection, and regulatory programs.

(i) The current annual renewal license fee for adult family homes shall be increased to \$100 per bed beginning in fiscal year 2012 and \$175 per bed beginning in fiscal year 2013. Adult family homes shall receive a corresponding vendor rate increase per medicaid patient day of \$0.22 in fiscal year 2012 and \$0.43 in fiscal year 2013, or the amount necessary to fully fund the license fee increase for publicly funded beds, pursuant to the most recent bed estimates maintained by the department.

(ii) Beginning in fiscal year 2012, a processing fee of \$2,750 shall be charged to each adult family home when the home is initially licensed. This fee is nonrefundable.

(j) Clients with developmental disabilities have demonstrated a need and a desire for a day services program as verified by over 900 clients currently accessing day programs through a long-term care service model. In addition, every individual, to include those with a developmental disability, should have the opportunity for meaningful employment which allows them to contribute to their communities and to become as self-sufficient as possible. Providing choice empowers recipients of publicly funded services and their families by expanding their degree of control over the services and supports they need.

The department shall work with legislators and stakeholders to develop a new approach to employment and day services. The objective of this plan is to ensure that adults with developmental disabilities have optimum choices, and that employment and day offerings are comprehensive enough to meet the needs of all clients currently served on a home and community based waiver. The proposal shall be submitted to the 2012 legislature for consideration and shall be constructed such that a client ultimately receives employment, community access, or the community day option but not more than one service at a time. The proposal shall include options for program efficiencies within the current employment and day structure and shall provide details on the plan to implement a consistent, statewide outcome-based vendor contract for employment and day services as specified in (c) of this subsection.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2012)	\$75,436,000
General Fund--State Appropriation (FY 2013)	(\$80,356,000)
.....	\$78,154,000
General Fund--Federal Appropriation	(\$153,570,000)
\$152,963,000	
General Fund--Private/Local Appropriation.....	\$22,043,000
TOTAL APPROPRIATION	(\$331,405,000)
.....	\$328,596,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) \$721,000 of the general fund--state appropriation for fiscal year 2012 and \$721,000 of the general fund--state appropriation for fiscal year 2013 are for the department to fulfill its contracts with the school districts under chapter 28A.190 RCW to provide transportation, building space, and other support services as are reasonably necessary to support the educational programs of students living in residential habilitation centers.

(3) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2012)	\$1,382,000
General Fund--State Appropriation (FY 2013)	(\$1,366,000)
\$1,759,000	
General Fund--Federal Appropriation	(\$1,319,000)
.....	\$1,519,000
TOTAL APPROPRIATION	(\$4,067,000)
.....	\$4,660,000

(4) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2012)	\$4,634,000
General Fund--State Appropriation (FY 2013)	(\$4,553,000)
.....	\$6,313,000
General Fund--Federal Appropriation	(\$9,588,000)
\$9,786,000	
General Fund--Private/Local Appropriation.....	(\$998,000)
.....	\$791,000
TOTAL APPROPRIATION	(\$19,773,000)
.....	\$21,524,000

The appropriations in this subsection are subject to the following conditions and limitations:

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Amounts appropriated in this subsection are for the purposes of transitioning clients with developmental disabilities into community settings. The department is authorized as needed to use these funds to either pay for clients residing within a residential habilitation center or for placements in the community. Pursuant to Second Substitute Senate Bill No. 5459 (services for people with developmental disabilities), funding in this subsection must be prioritized for the purpose of facilitating the consolidation and closure of Frances Haddon Morgan Center. The department shall use a person-centered approach in developing the discharge plan to assess each resident's needs and identify services the resident requires to successfully transition to the community or another residential habilitation center. The department is authorized to use any savings from this effort for the purpose of developing community resources to address the needs of clients with developmental disabilities who are in crisis or in need of respite. The department shall track the costs and savings of closing Frances Haddon Morgan Center and any investments into community placements and resources. The department shall provide a fiscal progress report to the legislature by December 5, 2011.

Sec. 1206. 2012 2nd sp.s. c 7 s 206 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--AGING AND ADULT SERVICES PROGRAM	
General Fund--State Appropriation (FY 2012)	\$791,493,000
General Fund--State Appropriation (FY 2013)	(\$809,338,000)
.....	\$800,181,000
General Fund--Federal Appropriation	(\$1,690,993,000)
.....	\$1,685,120,000
General Fund--Private/Local Appropriation.....	\$27,517,000
Traumatic Brain Injury Account--State Appropriation....	\$3,388,000
Nursing Facility Quality Assurance Account--State	
Appropriation	\$88,000,000
TOTAL APPROPRIATION	(\$3,410,729,000)
.....	\$3,395,699,000

The appropriations in this section are subject to the following conditions and limitations:

(1) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall not exceed \$170.37 for fiscal year 2012 and shall not exceed ~~(\$171.43)~~ \$171.09 for fiscal year 2013, including the rate add-ons described in (a) and (b) of this subsection. However, if the waiver requested from the federal centers for medicare and medicaid services in relation to the safety net assessment created by Engrossed Substitute Senate Bill No. 5581 (nursing home payments) is for any reason not approved and implemented, the weighted average nursing facility payment rate shall not exceed \$159.87 for fiscal year 2012 and shall not exceed ~~(\$160.93)~~ \$161.29 for fiscal year 2013. There will be no adjustments for economic trends and conditions in fiscal years 2012 and 2013. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or factors defined in any other biennial appropriations acts before applying it to the component rate allocations established in accordance with chapter 74.46 RCW. When no economic trends and conditions factor for either fiscal year is defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be applied solely or compounded to the component rate allocations established in accordance with chapter 74.46 RCW.

(a) Within the funds provided, the department shall continue to provide an add-on per medicaid resident day per facility not to exceed \$1.57. The add-on shall be used to increase wages, benefits, and/or staffing levels for certified nurse aides; or to increase wages and/or benefits for dietary aides, housekeepers,

laundry aides, or any other category of worker whose statewide average dollars-per-hour wage was less than \$15 in calendar year 2008, according to cost report data. The add-on may also be used to address resulting wage compression for related job classes immediately affected by wage increases to low-wage workers. The department shall continue reporting requirements and a settlement process to ensure that the funds are spent according to this subsection.

(b) The department shall do a comparative analysis of the facility-based payment rates calculated on July 1, 2012, using the payment methodology defined in chapter 74.46 RCW and as funded in the omnibus appropriations act, excluding the comparative add-on, acuity add-on, and safety net reimbursement, to the facility-based payment rates in effect June 30, 2010. If the facility-based payment rate calculated on July 1, 2012, is smaller than the facility-based payment rate on June 30, 2010, then the difference shall be provided to the individual nursing facilities as an add-on payment per medicaid resident day.

(c) During the comparative analysis performed in subsection (b) of this section, if it is found that the direct care rate for any facility calculated using the payment methodology defined in chapter 74.46 RCW and as funded in the omnibus appropriations act, excluding the comparative add-on, acuity add-on, and safety net reimbursement, is greater than the direct care rate in effect on June 30, 2010, then the facility shall receive a ten percent direct care rate add-on to compensate that facility for taking on more acute clients than they have in the past.

(d) The department shall provide a medicaid rate add-on to reimburse the medicaid share of the skilled nursing facility safety net assessment as a medicaid allowable cost. The nursing facility safety net rate add-on may not be included in the calculation of the annual statewide weighted average nursing facility payment rate.

(e) If the waiver requested from the federal centers for medicare and medicaid services in relation to the safety net assessment created by Engrossed Substitute Senate Bill No. 5581 (nursing home payments) is for any reason not approved and implemented, (b), (c), and (d) of this subsection do not apply.

(2) After examining actual nursing facility cost information, the legislature finds that the medicaid nursing facility rates calculated pursuant to Engrossed Substitute Senate Bill No. 5581 (nursing home payments) provide sufficient reimbursement to efficiently and economically operating nursing facilities and bear a reasonable relationship to costs.

(3) In accordance with chapter 74.46 RCW, the department shall issue no additional certificates of capital authorization for fiscal year 2012 and no new certificates of capital authorization for fiscal year 2013 and shall grant no rate add-ons to payment rates for capital improvements not requiring a certificate of need and a certificate of capital authorization for fiscal years 2012 and 2013.

(4) The long-term care program may develop and pay enhanced rates for exceptional care to nursing homes for persons with traumatic brain injuries who are transitioning from hospital care. The cost per patient day for caring for these clients in a nursing home setting may be equal to or less than the cost of caring for these clients in a hospital setting.

(5) Amounts appropriated in this section reflect a reduction to funds appropriated for in-home care. The department shall reduce the number of in-home hours authorized. The reduction shall be scaled based on the acuity level of care recipients. The largest hour reductions shall be to lower acuity patients and the smallest hour reductions shall be to higher acuity patients.

(6) \$1,883,000 of the general fund--state appropriation for fiscal year 2012, \$1,883,000 of the general fund--state appropriation for fiscal year 2013, and \$3,766,000 of the general fund--federal appropriation are provided solely for state contributions for

individual provider health care benefits. Pursuant to the collective bargaining agreement negotiated with the exclusive bargaining representative of individual providers established under RCW 74.39A.270, the state shall contribute to the multiemployer health benefits trust fund \$2.21 per paid hour worked by individual providers.

(7) \$2,449,000 of the general fund--state appropriation for fiscal year 2012, \$3,012,000 of the general fund--state appropriation for fiscal year 2013, and \$5,463,000 of the general fund--federal appropriation are provided solely for the state's contribution to the training partnership, as provided in RCW 74.39A.360, for instructional costs associated with the training of individual providers. Contributions are funded at \$0.22 per benefit-eligible paid hour worked by all home care workers. Expenditures for the purposes specified in this subsection shall not exceed the amounts provided in this subsection. However, if the governor and the service employees international union healthcare 775nw can reach agreement on repurposing funding that is currently provided in the individual provider collective bargaining agreement for new individual provider wages paid during training or other training related items, then expenditures for training trust contributions for individual providers may include the amounts provided in this subsection and the agreed upon repurposed funding. Funding in this section for purposes other than the individual provider collective bargaining agreement cannot be used for the purposes of this subsection (7). It is the intent of the legislature that the funding provided in this subsection, including any repurposed funding, is sufficient to cover the costs of individual provider training and therefore tuition or other entrance fees are not necessary.

(8) (~~(\$338,550,000)~~) \$325,203,000 of the general fund--state appropriation for fiscal year 2013 and (~~(\$338,550,000)~~) \$324,653,000 of the general fund--federal appropriation are provided solely for the department to provide personal care services to waiver and nonwaiver in-home clients. The department shall provide the legislature with a report by December 5, 2012, on the feasibility of converting the medicaid personal care program for in-home adults to a medicaid program as found in section 1915(i) of the federal social security act that utilizes the option for self-direction of individualized budgets. The department shall operate the personal care program within the amounts specifically provided.

(9) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(10) The department shall eliminate the adult day health program under the state plan 1915(i) option and shall reestablish it under the long-term care home and community-based waiver.

(11) \$4,588,000 of the general fund--state appropriation for fiscal year 2012, \$4,559,000 of the general fund--state appropriation for fiscal year 2013, and \$9,237,000 of the general fund--federal appropriation are provided solely for the continued operation of community residential and support services for persons who are older adults or who have co-occurring medical and behavioral disorders and who have been discharged or diverted from a state psychiatric hospital. These funds shall be used to serve individuals whose treatment needs constitute substantial barriers to community placement, who no longer require active psychiatric treatment at an inpatient hospital level of care, and who no longer meet the criteria for inpatient involuntary commitment.

(12) \$1,840,000 of the general fund--state appropriation for fiscal year 2012 and \$1,877,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for operation of the volunteer services program. Funding shall be prioritized towards serving populations traditionally served by long-term care services to include senior citizens and persons with disabilities.

(13) In accordance with Engrossed Substitute House Bill No. 1277 (licensed settings for vulnerable adults), nursing facility fees are increased in fiscal year 2012 and adult family home fees are increased in fiscal year 2012 and fiscal year 2013 to support the costs of conducting licensure, inspection, and regulatory programs.

(a) The current annual renewal license fee for nursing facilities shall be increased to \$359 per bed beginning in fiscal year 2012 and assumes \$517,000 of the general fund--private/local appropriation. Nursing facilities shall receive a vendor rate increase of \$0.08 per medicaid patient day to cover the license fee increase for publicly funded beds.

(b) The current annual renewal license fee for adult family homes shall be increased to \$100 per bed beginning in fiscal year 2012 and assumes \$1,449,000 of the general fund--private/local appropriation; and \$175 per bed beginning in fiscal year 2013 and assumes \$2,463,000 of the general fund--private/local appropriation. Adult family homes shall receive a corresponding vendor rate increase per medicaid patient day of \$0.22 in fiscal year 2012 and \$0.43 in fiscal year 2013, or the amount necessary to fully fund the license fee increase for publicly funded beds, pursuant to the most recent bed estimates maintained by the department.

(c) Beginning in fiscal year 2012, a processing fee of \$2,750 shall be charged to each adult family home when the home is initially licensed. This fee is nonrefundable.

(d) \$72,000 of the general fund--state appropriation for fiscal year 2012, \$708,000 of the general fund--private/local appropriation and \$708,000 of the general fund--federal appropriation are provided solely to implement sections 501 through 503 of Engrossed Substitute House Bill No. 1277 (licensed settings for vulnerable adults). The department shall use additional investigative resources to address complaints about provider practices as well as alleged abuse, neglect, abandonment, and exploitation of residents in adult family homes. The department shall develop a statewide internal quality review and accountability program to improve the accountability of staff and the consistent application of investigative activities, and shall convene a quality assurance panel to review problems in the quality of care in adult family homes.

(14) \$3,316,000 of the traumatic brain injury account--state appropriation is provided solely to continue services for persons with traumatic brain injury (TBI) as defined in chapter 143, Laws of 2011 (traumatic brain injury strategic partnership).

(15) The department is authorized to place long-term care clients residing in nursing homes and paid for with state only funds into less restrictive community care settings while continuing to meet the client's care needs.

(16) The department shall participate in the work group established by the department of corrections in section 220(2) of this act to review release options for elderly and infirm offenders.

Sec. 1207. 2012 2nd sp.s. c 7 s 207 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ECONOMIC SERVICES PROGRAM

General Fund--State Appropriation (FY 2012)	\$415,553,000
General Fund--State Appropriation (FY 2013)	(\$438,483,000)
.....	\$386,686,000
General Fund--Federal Appropriation	(\$1,174,416,000)
.....	\$1,177,251,000
General Fund--Private/Local Appropriation.....	\$30,592,000
TOTAL APPROPRIATION	(\$2,059,044,000)
.....	\$2,010,082,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$195,410,000 of the general fund--state appropriation for fiscal year 2012, (~~(\$235,808,000)~~) \$178,052,000 of the general fund--state appropriation for fiscal year 2013, and (~~(\$725,586,000)~~)

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\$710,001,000 of the general fund--federal appropriation are provided solely for all components of the WorkFirst program. Under section 2 of Engrossed Substitute Senate Bill No. 5921 (social services programs), the amounts in this subsection assume that any participant in the temporary assistance for needy families where their participation is suspended and does not volunteer to participate in WorkFirst services or unsubsidized employment does not receive child care subsidies or WorkFirst subsidies as a condition of the suspension. Within the amounts provided for the WorkFirst program, the department may provide assistance using state-only funds for families eligible for temporary assistance for needy families.

(a) Within the amounts provided for WorkFirst in this subsection, the department shall continue to implement WorkFirst program improvements that are designed to achieve progress against outcome measures specified in Engrossed House Bill No. 2262 (WorkFirst and child care) and RCW 74.08A.410.

(b) The department may establish a career services work transition program.

(c) Within amounts appropriated in this section, the legislature expressly mandates that the department exercise its authority, granted in 1997 under RCW 74.08A.290, to contract for work activities services pursuant to that statutory authority and RCW 41.06.142(3).

(d) The department shall create a temporary assistance for needy families budget structure that allows for more transparent tracking of budget units and subunits of expenditures where these units and subunits are mutually exclusive from other department budget units. The budget structure shall include budget units for the following: Grants, child care, WorkFirst activities, and administration of the program.

(2) \$23,679,000 of the general fund--state appropriation for fiscal year 2012, in addition to supplemental security income recoveries, is provided solely for financial assistance and other services to recipients in the program established in section 4, chapter 8, Laws of 2010 1st sp. sess., until the program terminates on October 31, 2011.

(3)(a) \$12,457,000 of the general fund--state appropriation for fiscal year 2012 and \$21,959,000 of the general fund--state appropriation for fiscal year 2013, in addition to supplemental security income recoveries, are provided solely for the programs created in Engrossed Substitute House Bill No. 2082 (essential needs and assistance program) beginning November 1, 2011.

(b) The department shall review clients receiving services through the aged, blind, or disabled assistance program, to determine whether they would benefit from assistance in becoming naturalized citizens, and thus be eligible to receive federal supplemental security income benefits. Those cases shall be given high priority for naturalization funding through the department.

(c) The department shall continue the interagency agreement with the department of veterans' affairs to establish a process for referral of veterans who may be eligible for veterans' services. This agreement must include out-stationing department of veterans' affairs staff in selected community service office locations in King and Pierce counties to facilitate applications for veterans' services.

(4) \$1,657,000 of the general fund--state appropriation for fiscal year 2012 and \$1,657,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for naturalization services.

(5) \$2,366,000 of the general fund--state appropriation for fiscal year 2012 is provided solely for ((refugee)) employment services for refugees and immigrants, of which \$1,774,000 is provided solely for the department to pass through to statewide refugee and immigrant assistance organizations for limited English proficiency pathway services; and \$2,366,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for ((refugee)) employment

services for refugees and immigrants, of which \$1,774,000 is provided solely for the department to pass through to statewide refugee and immigrant assistance organizations for limited English proficiency pathway services.

(6) On December 1, 2011, and annually thereafter, the department must report to the legislature on all sources of funding available for both refugee and immigrant services and naturalization services during the current fiscal year and the amounts expended to date by service type and funding source. The report must also include the number of clients served and outcome data for the clients.

(7) To ensure expenditures remain within available funds appropriated in this section, the legislature establishes the benefit under the state food assistance program, pursuant to RCW 74.08A.120, to be fifty percent of the federal supplemental nutrition assistance program benefit amount.

Sec. 1208. 2012 2nd sp.s. c 7 s 208 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ALCOHOL AND SUBSTANCE ABUSE PROGRAM

General Fund--State Appropriation (FY 2012)	\$73,742,000
General Fund--State Appropriation (FY 2013)	(\$71,218,000)
.....	\$71,019,000
General Fund--Federal Appropriation	(\$184,401,000)
.....	\$187,979,000
General Fund--Private/Local Appropriation.....	(\$13,486,000)
.....	\$16,248,000
Criminal Justice Treatment Account--State	
Appropriation	\$20,748,000
Problem Gambling Account--State Appropriation	\$1,448,000
TOTAL APPROPRIATION	(\$365,043,000)
.....	\$371,184,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Within the amounts appropriated in this section, the department may contract with the University of Washington and community-based providers for the provision of the parent-child assistance program. For all contractors, indirect charges for administering the program shall not exceed ten percent of the total contract amount.

(2) Within the amounts appropriated in this section, the department shall continue to provide for chemical dependency treatment services for adult medicaid eligible, pregnant and parenting women, disability lifeline, and alcoholism and drug addiction treatment and support act, and medical care services clients.

(3) In accordance with RCW 70.96A.090 and 43.135.055, the department is authorized to increase fees for the review and approval of treatment programs in fiscal years 2012 and 2013 as necessary to support the costs of the regulatory program. The department's fee schedule shall have differential rates for providers with proof of accreditation from organizations that the department has determined to have substantially equivalent standards to those of the department, including but not limited to the joint commission on accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, and the council on accreditation. To reflect the reduced costs associated with regulation of accredited programs, the department's fees for organizations with such proof of accreditation must reflect the lower cost of licensing for these programs than for other organizations which are not accredited.

(4) \$3,500,000 of the general fund--federal appropriation (from the substance abuse prevention and treatment federal block grant) is

provided solely for the continued funding of existing county drug and alcohol use prevention programs.

(5) Within amounts appropriated in this section, the department is required to increase federal match available for intensive inpatient services. During fiscal year 2013, the department shall shift contracts for a minimum of 32 intensive inpatient beds currently provided in settings that are considered institutions for mental diseases to two or more facilities with no more than 16 beds that are able to claim federal match for services provided to medicaid clients or individuals covered under the department's section 1115 medicaid waiver. The department is authorized to conduct a request for proposal process to fulfill this requirement. By December 1, 2012, the department shall provide a plan to the office of financial management and to the relevant fiscal and policy committees of the legislature for transitioning all remaining intensive inpatient beds currently provided in settings that are considered institutions for mental diseases into facilities with no more than 16 beds by June 2017. The plan shall identify the maximum number of additional beds that can be transitioned into facilities with no more than 16 beds during the 2013-2015 fiscal biennium and the remaining number that will be transitioned during the 2015-2017 fiscal biennium, a timeline and process for accomplishing this, and a projection of the related general fund--state savings for each biennium.

(6) The amounts appropriated in this section include reductions of \$303,000 in the general fund--state appropriation for fiscal year 2012 and \$1,815,000 in the general fund--state appropriation for fiscal year 2013. The department must apply this reduction across all levels of chemical dependency residential treatment services excluding services contracted through the counties, services provided to pregnant and parenting women, services provided to juveniles, and services provided to parents in dependency proceedings.

Sec. 1209. 2012 2nd sp.s. c 7 s 209 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--VOCATIONAL REHABILITATION PROGRAM

General Fund--State Appropriation (FY 2012)	\$10,854,000
General Fund--State Appropriation (FY 2013)	(\$10,401,000)
.....	\$10,353,000
General Fund--Federal Appropriation	(\$105,060,000)
.....	\$104,922,000
Telecommunications Devices for the Hearing and Speech Impaired--State Appropriation	\$2,766,000
TOTAL APPROPRIATION	(\$129,081,000)
.....	\$128,895,000

The appropriations in this section are subject to the following conditions and limitations: \$480,000 of the telecommunications devices for the hearing and speech impaired account--state appropriation is provided solely for the office of deaf and hard of hearing to contract for services that provide employment support and help with life activities for deaf-blind individuals in King county.

Sec. 1210. 2012 2nd sp.s. c 7 s 210 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--SPECIAL COMMITMENT PROGRAM

General Fund--State Appropriation (FY 2012)	\$48,167,000
General Fund--State Appropriation (FY 2013)	(\$36,128,000)
.....	\$38,098,000
TOTAL APPROPRIATION	(\$84,295,000)
.....	\$86,265,000

Sec. 1211. 2012 2nd sp.s. c 7 s 211 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ADMINISTRATION AND SUPPORTING SERVICES PROGRAM

General Fund--State Appropriation (FY 2012)	\$26,069,000
General Fund--State Appropriation (FY 2013)	(\$24,474,000)
.....	\$26,301,000
General Fund--Federal Appropriation	(\$39,550,000)
.....	\$42,090,000
General Fund--Private/Local Appropriation.....	\$2,116,000
Performance Audits of State Government--State Appropriation	\$4,812,000
TOTAL APPROPRIATION	(\$97,021,000)
.....	\$101,388,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$300,000 of the general fund--state appropriation for fiscal year 2012 and \$300,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the Washington state mentors program to continue its public-private partnerships to provide technical assistance and training to mentoring programs that serve at-risk youth.

(2) \$445,000 of the general fund--state appropriation for fiscal year 2012 and \$445,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for funding of the teamchild project.

(3) \$178,000 of the general fund--state appropriation for fiscal year 2012 and \$178,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the juvenile detention alternatives initiative.

(4) \$4,812,000 of the performance audits of state government--state appropriation is provided solely for support and expansion of the division of fraud investigation. The division shall conduct investigatory and enforcement activities for all department programs, including the child support and TANF programs.

(5) \$1,400,000 of the general fund--state appropriation for fiscal year 2012 is provided solely for the department to distribute as support to community public health and safety networks that have a history of providing training and services related to adverse childhood experiences. Distribution of these funds is contingent upon securing funding from a private entity or entities to provide one dollar in matching funds for each dollar in state funds received by a network so that the funding received by a community public health and safety network will be equal portions of state and private funding.

~~((7))~~ (6) \$250,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for a grant program focused on criminal street gang prevention and intervention. The Washington state partnership council on juvenile justice may award grants under this subsection. The council shall give priority to applicants who have demonstrated the greatest problems with criminal street gangs. Applicants composed of, at a minimum, one or more local governmental entities and one or more nonprofit, nongovernmental organizations that have a documented history of creating and administering effective criminal street gang prevention and intervention programs may apply for funding under this subsection.

~~((8))~~ (7) \$113,000 of the general fund--state appropriation for fiscal year 2013 and \$105,000 of the general fund--federal appropriation are provided solely for staffing costs associated with implementation of Engrossed Second Substitute House Bill No. 2536 (children services/delivery). The amounts provided in this subsection must be used for coordinated evidence-based practice implementation amongst the department's programs providing mental health, child welfare, and juvenile justice services to children. If Engrossed Second Substitute House Bill No. 2536 (children services/delivery) is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

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Sec. 1212. 2012 2nd sp.s. c 7 s 212 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--PAYMENTS TO OTHER AGENCIES PROGRAM

General Fund--State Appropriation (FY 2012)	\$62,140,000
General Fund--State Appropriation (FY 2013)	(\$46,303,000)
.....	\$49,584,000
General Fund--Federal Appropriation	(\$53,049,000)
.....	\$53,409,000
TOTAL APPROPRIATION	(\$161,492,000)
.....	\$165,133,000

The appropriations in this section are subject to the following conditions and limitations: \$469,000 of the general fund--state appropriation for fiscal year ~~(2014)~~ 2012 and \$270,000 of the general fund--state appropriation for fiscal year ~~(2012)~~ 2013 are provided solely for implementation of Engrossed Substitute Senate Bill No. 5921 (social services programs). If the bill is not enacted by June 30, 2011, the amounts provided in this subsection shall lapse.

Sec. 1213. 2012 2nd sp.s. c 7 s 213 (uncodified) is amended to read as follows:

FOR THE STATE HEALTH CARE AUTHORITY

General Fund--State Appropriation (FY 2012)	\$2,034,296,000
General Fund--State Appropriation (FY 2013)	(\$2,031,185,000)
.....	\$2,107,688,000
General Fund--Federal Appropriation	(\$5,307,323,000)
.....	\$5,331,122,000
General Fund--Private/Local Appropriation.....	(\$62,597,000)
.....	\$60,570,000
Emergency Medical Services and Trauma Care Systems	
Trust Account--State Appropriation.....	(\$15,077,000)
.....	\$14,032,000
Hospital Safety Net Assessment Fund--State	
Appropriation	(\$434,087,000)
.....	\$442,929,000
State Health Care Authority Administration Account--	
State Appropriation	\$34,040,000
Basic Health Plan Stabilization Account--	
State Appropriation	\$44,000,000
Medical Aid Account--State Appropriation	\$529,000
Medicaid Fraud Penalty Account--State Appropriation	
.....	(\$9,200,000)
.....	\$9,408,000
TOTAL APPROPRIATION	(\$9,972,334,000)
.....	\$10,078,614,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The appropriations to the authority in this act shall be expended for the purposes and in the amounts specified in this act. To the extent that appropriations in this section are insufficient to fund actual expenditures in excess of caseload forecasts and utilization assumptions, the authority, after May 1, ~~(2012)~~ 2013, may transfer general fund--state appropriations for fiscal year ~~(2012)~~ 2013 that are provided solely for a specified purpose. The authority shall not transfer funds, and the director of financial management shall not approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any allotment modifications or transfers under this subsection. The written notification shall include a narrative explanation and justification of the changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

(2) Within amounts appropriated in this section and sections 205 and 206 of this act, the health care authority shall continue to provide an enhanced basic health plan subsidy for foster parents licensed under chapter 74.15 RCW and workers in state-funded home care programs. Under this enhanced subsidy option, foster parents eligible to participate in the basic health plan as subsidized enrollees and home care workers with family incomes below 200 percent of the federal poverty level shall be allowed to enroll in the basic health plan at the minimum premium amount charged to enrollees with incomes below sixty-five percent of the federal poverty level.

(3) The health care authority shall require organizations and individuals that are paid to deliver basic health plan services and that choose to sponsor enrollment in the subsidized basic health plan to pay 133 percent of the premium amount which would otherwise be due from the sponsored enrollees.

(4)(a) \$1,200,000 of the general fund--state appropriation for fiscal year 2012 is provided solely to plan the implementation of a system of consolidated public school employee health benefits purchasing.

It is the intent of the legislature to improve the administration, transparency, and equity in delivering a K-12 employees' health benefits system. In addition, the legislature intends that any cost savings that result from changes to K-12 health benefits be dedicated to public schools.

To further this legislative intent, the state health care authority shall develop a plan to implement a consolidated health benefits' system for K-12 employees for the 2013-14 school year. The health care authority shall deliver a report to the legislature by December 15, 2011, that sets forth the implementation plan to the ways and means committees of the house of representatives and the senate.

(b) The report prepared by the health care authority shall compare and contrast the costs and benefits, both long and short term, of:

- (i) The current K-12 health benefits system;
- (ii) A new K-12 employee benefits pool; and
- (iii) Enrolling K-12 employees into the health benefits pool for state employees.

(c) In addition to the implementation plan, the report shall include the following information:

- (i) The costs and benefits of the current K-12 health benefits system;
- (ii) The costs and benefits of providing a new statewide K-12 employees' health benefits pool to school districts and school employees;
- (iii) The costs and benefits of enrolling K-12 employees into the existing health benefits pool for state employees;

(iv) Recommendations of ways to limit administrative duplication and costs, improve transparency to employees, the legislature, and the public and assure equity among beneficiaries of publicly provided employee health benefits;

(v) Recommendations for standardizing benefit packages and purchasing efforts in a manner that seeks to maximize funding and equity for all school employees;

(vi) Recommendations regarding the use of incentives, including how changes to state health benefit allocations could provide employees with benefits that would encourage participation;

(vii) Recommendations regarding the implementation of a new K-12 employee benefit plan, with separate options for voluntary participation and mandatory statewide participation;

(viii) Recommendations regarding methods to reduce inequities between individual and family coverage;

(ix) Consolidation of the purchasing and budget accountability for school employee benefits to maximize administrative efficiency and leverage existing skills and resources; and

(x) Other details the health care authority deems necessary, including but not limited to recommendations on the following:

(A) Approaches for implementing the transition to a statewide pool, including administrative and statutory changes necessary to ensure a successful transition, and whether the pool should be separate from, or combined with, the public employees' benefits pool;

(B) The structure of a permanent governing group to provide ongoing oversight to the consolidated pool, in a manner similar to the public employees benefits board functions for employee health benefits, including statutory duties and authorities of the board; and

(C) Options for including potential changes to: Eligibility standardization, the public employees benefits risk pools, the movement of school employee retirees into the new K-12 pool or pools, and the movement of educational service district employees into the new K-12 pool or pools.

(d) In determining its costs and benefits of a new statewide K-12 employees' health benefits pool for school districts and school employees, the health care authority shall assume the following:

(i) School district enrollees must constitute an entire bargaining unit, or an entire group of nonrepresented employees;

(ii) Staffing and administration for benefits purchasing shall be provided by the health care authority; and

(iii) The new K-12 pool would operate on a schedule that coordinates with the financing and enrollment schedule used for school districts.

(e) The office of the superintendent of public instruction and the office of the insurance commissioner shall provide information and technical assistance to the health care authority as requested by the health care authority. The health care authority shall not implement the new school employee benefits pool until authorized to do so by the legislature.

(5) The administrator shall take at least the following actions to assure that persons participating in the basic health plan are eligible for the level of assistance they receive: (a) Require submission of (i) income tax returns, and recent pay history, from all applicants, or (ii) other verifiable evidence of earned and unearned income from those persons not required to file income tax returns; (b) check employment security payroll records at least once every twelve months on all enrollees; (c) require enrollees whose income as indicated by payroll records exceeds that upon which their subsidy is based to document their current income as a condition of continued eligibility; (d) require enrollees for whom employment security payroll records cannot be obtained to document their current income at least once every six months; (e) not reduce gross family income for self-employed persons by noncash-flow expenses such as, but not limited to, depreciation, amortization, and home office deductions, as defined by the United States internal revenue service; and (f) pursue repayment and civil penalties from persons who have received excessive subsidies, as provided in RCW 70.47.060(9).

(6) Enrollment in the subsidized basic health plan shall be limited to only include persons who qualify as subsidized enrollees as defined in RCW 70.47.020 and who (a) qualify for services under 1115 medicaid demonstration project number 11-W-00254/10; or (b) are foster parents licensed under chapter 74.15 RCW.

(7) \$23,700,000 of the general fund--federal appropriation is provided solely for planning and implementation of a health benefit exchange under the federal patient protection and affordable care act. Within the amounts provided in this subsection, funds used by the authority for information technology projects are conditioned on the authority satisfying the requirements of Engrossed Second Substitute Senate Bill No. 5931 (central service agencies).

(8) Based on quarterly expenditure reports and caseload forecasts, if the health care authority estimates that expenditures for the medical assistance program will exceed the appropriations, the health care authority shall take steps including but not limited to reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

(9) In determining financial eligibility for medicaid-funded services, the health care authority is authorized to disregard recoveries by Holocaust survivors of insurance proceeds or other assets, as defined in RCW 48.104.030.

(10) The legislature affirms that it is in the state's interest for Harborview medical center to remain an economically viable component of the state's health care system.

(11) When a person is ineligible for medicaid solely by reason of residence in an institution for mental diseases, the health care authority shall provide the person with the same benefits as he or she would receive if eligible for medicaid, using state-only funds to the extent necessary.

(12) \$4,261,000 of the general fund--state appropriation for fiscal year 2012, \$4,261,000 of the general fund--state appropriation for fiscal year 2013, and \$8,522,000 of the general fund--federal appropriation are provided solely for low-income disproportionate share hospital payments (~~under RCW 74.09.730(1)(a))~~).

(13) \$6,000,000 of the general fund--federal appropriation is provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments. The supplemental payments are subject to retrospective interim and final cost settlements based on the nursing homes' as-filed and final medicare cost reports. The timing of the interim and final cost settlements shall be at the health care authority's discretion. During either the interim cost settlement or the final cost settlement, the health care authority shall recoup from the public hospital districts the supplemental payments that exceed the medicaid cost limit and/or the medicare upper payment limit. The health care authority shall apply federal rules for identifying the eligible incurred medicaid costs and the medicare upper payment limit.

(14) The health care authority shall continue the inpatient hospital certified public expenditures program for the 2011-2013 fiscal biennium. The program shall apply to all public hospitals, including those owned or operated by the state, except those classified as critical access hospitals or state psychiatric institutions. The health care authority shall submit reports to the governor and legislature by November 1, 2011, and by November 1, 2012, that evaluate whether savings continue to exceed costs for this program. If the certified public expenditures (CPE) program in its current form is no longer cost-effective to maintain, the health care authority shall submit a report to the governor and legislature detailing cost-effective alternative uses of local, state, and federal resources as a replacement for this program. During fiscal year 2012 and fiscal year 2013, hospitals in the program shall be paid and shall retain one hundred percent of the federal portion of the allowable hospital cost for each medicaid inpatient fee-for-service claim payable by medical assistance and one hundred percent of the federal portion of the maximum disproportionate share hospital payment allowable under federal regulations. Inpatient medicaid

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payments shall be established using an allowable methodology that approximates the cost of claims submitted by the hospitals. Payments made to each hospital in the program in each fiscal year of the biennium shall be compared to a baseline amount. The baseline amount will be determined by the total of (a) the inpatient claim payment amounts that would have been paid during the fiscal year had the hospital not been in the CPE program based on the reimbursement rates developed, implemented, and consistent with policies approved in the 2011-13 biennial operating appropriations act and in effect on July 1, 2011, (b) one half of the indigent assistance disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005, and (c) all of the other disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005 to the extent the same disproportionate share hospital programs exist in the 2011-13 biennium. If payments during the fiscal year exceed the hospital's baseline amount, no additional payments will be made to the hospital except the federal portion of allowable disproportionate share hospital payments for which the hospital can certify allowable match. If payments during the fiscal year are less than the baseline amount, the hospital will be paid a state grant equal to the difference between payments during the fiscal year and the applicable baseline amount. Payment of the state grant shall be made in the applicable fiscal year and distributed in monthly payments. The grants will be recalculated and redistributed as the baseline is updated during the fiscal year. The grant payments are subject to an interim settlement within eleven months after the end of the fiscal year. A final settlement shall be performed. To the extent that either settlement determines that a hospital has received funds in excess of what it would have received as described in this subsection, the hospital must repay the excess amounts to the state when requested. \$8,102,000 of the general fund--state appropriation for fiscal year 2012, of which \$6,570,000 is appropriated in section 204(1) of this act, and ~~(\$3,162,000)~~ \$10,498,000 of the general fund--state appropriation for fiscal year 2013, of which \$6,570,000 is appropriated in section 204(1) of this act, are provided solely for state grants for the participating hospitals. CPE hospitals will receive the inpatient and outpatient reimbursement rate restorations in RCW 74.60.080 and rate increases in RCW 74.60.090 funded through the hospital safety net assessment fund rather than through the baseline mechanism specified in this subsection.

(15) The health care authority shall seek public-private partnerships and federal funds that are or may become available to provide on-going support for outreach and education efforts under the federal children's health insurance program reauthorization act of 2009.

(16) The health care authority shall target funding for maternity support services towards pregnant women with factors that lead to higher rates of poor birth outcomes, including hypertension, a preterm or low birth weight birth in the most recent previous birth, a cognitive deficit or developmental disability, substance abuse, severe mental illness, unhealthy weight or failure to gain weight, tobacco use, or African American or Native American race. The health care authority shall prioritize evidence-based practices for delivery of maternity support services. To the extent practicable, the health care authority shall develop a mechanism to increase federal funding for maternity support services by leveraging local public funding for those services.

(17) ((For children with family incomes above 200 percent of the federal poverty level in the state-funded children's health program for children who are not eligible for coverage under the federally funded children's health insurance program, premiums shall be set every two years in an amount equal to the average state-only share of the per capita cost of coverage in the state-funded children's health program for children in families with incomes at

or less than two hundred percent of the federal poverty level.

(18)) Within the amounts appropriated in this section, the health care authority shall provide disproportionate share hospital payments to hospitals that provide services to children in the children's health program who are not eligible for services under Title XIX or XXI of the federal social security act due to their citizenship status.

~~((19))~~ (18) \$859,000 of the general fund--state appropriation for fiscal year 2012, \$979,000 of the general fund--state appropriation for fiscal year 2013, and \$1,841,000 of the general fund--federal appropriation are provided solely to increase prior authorization activities for advanced imaging procedures.

~~((20))~~ (19) \$196,000 of the general fund--state appropriation for fiscal year 2012, \$246,000 of the general fund--state appropriation for fiscal year 2013, and \$442,000 of the general fund--federal appropriation are provided solely to increase prior authorization activities for surgical procedures, which may include orthopedic procedures, spinal procedures and interventions, and nerve procedures.

~~((21))~~ (20) \$300,000 of the general fund--private/local appropriation and \$300,000 of the general fund--federal appropriation are provided solely for a prescriptive practices improvement collaborative focusing upon atypical antipsychotics and other medications commonly used in the treatment of severe and persistent mental illnesses among adults. The project shall promote collaboration among community mental health centers, other major prescribers of atypical antipsychotic medications to adults enrolled in state medical assistance programs, and psychiatrists, pharmacists, and other specialists at the University of Washington department of psychiatry and/or other research universities. The collaboration shall include patient-specific prescriber consultations by psychiatrists and pharmacists specializing in treatment of severe and persistent mental illnesses among adults; production of profiles to assist prescribers and clinics in tracking their prescriptive practices and their patients' medication use and adherence relative to evidence-based practices guidelines, other prescribers, and patients at other clinics; and in-service seminars at which participants can share and increase their knowledge of evidence-based and other effective prescriptive practices. The health care authority shall enter into an interagency agreement with the office of the attorney general for expenditure of \$300,000 of the state's proceeds of the *cy pres* settlement in *State of Washington v. AstraZeneca* (Seroquel) for this purpose.

~~((22))~~ (21) \$570,000 of the general fund--private/local appropriation is provided solely for continued operation of the partnership access line for child mental health consultations. The health care authority shall enter into an interagency agreement with the office of the attorney general for expenditure of \$570,000 of the state's proceeds of the *cy pres* settlement in *State of Washington v. AstraZeneca* (Seroquel) for this purpose.

~~((23))~~ (22) \$80,000 of the general fund--state appropriation for fiscal year 2012, \$80,000 of the general fund--state appropriation for fiscal year 2013, and \$160,000 of the general fund--federal appropriation are provided solely to fund the Tacoma-Pierce county health department for access and outreach activities to reduce infant mortality.

~~((24))~~ (23) \$75,000 of the general fund--state appropriation for fiscal year 2012, \$75,000 of the general fund--state appropriation for fiscal year 2013, and \$150,000 of the general fund--federal appropriation are provided solely to assist with development and implementation of evidence-based strategies regarding the appropriate, safe, and effective role of C-section surgeries and early induced labor in births and neonatal care. The strategies shall be identified and implemented in consultation with clinical research specialists, physicians, hospitals, advanced registered nurse

practitioners, and organizations concerned with maternal and child health.

~~((25))~~ (24) Within the amounts appropriated in this section, the health care authority shall continue to provide school-based medical services by means of an intergovernmental transfer arrangement. Under the arrangement, the state shall provide forty percent and school districts sixty percent of the nonfederal matching funds required for receipt of federal medicaid funding for the service.

~~((26))~~ (25) \$263,000 of the general fund--state appropriation for fiscal year 2012, \$88,000 of the general fund--state appropriation for fiscal year 2013, and \$351,000 of the general fund--federal appropriation are provided solely for development and submission to the federal government by October 1, 2011, of a demonstration project proposal as provided in Substitute Senate Bill No. 5596 (medicaid demonstration waiver).

~~((27))~~ (26) Within the amounts appropriated in this section, the health care authority shall provide spoken-language interpreter services. The authority shall develop and implement a new model for delivery of such services no later than July 1, 2012. The model shall include:

(a) Development by the authority in consultation with subject-area experts of guidelines to assist medical practitioners identify the circumstances under which it is appropriate to use telephonic or video-remote interpreting;

(b) The requirement that the state contract with delivery organizations, including foreign language agencies, who employ or subcontract only with language access providers or interpreters working in the state who are certified or authorized by the state. When a state-certified or state-authorized in-state language access provider or interpreter is not available, the delivery organization, including foreign language agencies, may use a provider with other certifications or qualifications deemed to meet state standards, including interpreters in other states; and

(c) Provision of a secure, web-based tool that medical practitioners will use to schedule appointments for interpreter services and to identify the most appropriate, cost-effective method of service delivery in accordance with the state guidelines.

Nothing in this subsection affects the ability of health care providers to provide interpretive services through employed staff or through telephone and video remote technologies when not reimbursed directly by the department. The amounts in this subsection do not include federal administrative funds provided to match nonstate expenditures by local health jurisdictions and governmental hospitals.

~~((28))~~ (27) In its procurement of contractors for delivery of medical managed care services for nondisabled, nonelderly persons, the medical assistance program shall (a) place substantial emphasis upon price competition in the selection of successful bidders; and (b) not require delivery of any services that would increase the actuarial cost of service beyond the levels included in current healthy options contracts.

~~((29))~~ (28) \$1,430,000 of the general fund--state appropriation for fiscal year 2012, \$1,430,000 of the general fund--state appropriation for fiscal year 2013, and \$2,860,000 of the general fund--federal appropriation are provided solely to pay federally-designated rural health clinics their standard encounter rate for prenatal and well-child visits, whether delivered under a managed care contract or fee-for-service. In reconciling managed care enhancement payments for calendar years 2009 and 2010, the department shall treat well-child and prenatal care visits as encounters subject to the clinic's encounter rate.

~~((30))~~ (29) \$280,000 of the general fund--state appropriation for fiscal year 2012 and \$282,000 of the general fund--federal appropriation are provided solely to increase utilization management of drugs and drug classes for which there is evidence

of over-utilization, off-label use, excessive dosing, duplicative therapy, or opportunities to shift utilization to less expensive, equally effective formulations.

~~((31))~~ (30) \$70,000 of the general fund--state appropriation for fiscal year 2012, \$70,000 of the general fund--state appropriation for fiscal year 2013, and \$140,000 of the general fund--federal appropriation are provided solely to continue operation by a nonprofit organization of a toll-free hotline that assists families to learn about and enroll in the apple health for kids program.

~~((32))~~ (31) \$400,000 of the general fund--state appropriation for fiscal year 2012 and \$400,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for the local outreach, case management, and coordination with dental providers needed to execute the access to baby and child dentistry program, which provides dental care to Medicaid eligible children up to age six.

~~((33))~~ (32) Within the amounts appropriated in this section, the health care authority shall continue to provide dental services to pregnant women. Services shall include preventive, routine, and emergent dental care.

~~((34))~~ (33) \$395,000 of the general fund--state appropriation for fiscal year 2012, \$395,000 of the general fund--state appropriation for fiscal year 2013, and \$790,000 of the general fund--federal appropriation are provided solely for continued operation of the dental education in care of persons with disabilities (DECOD) program at the University of Washington.

~~((35))~~ (34) \$159,000 of the general fund--state appropriation for fiscal year 2012, \$302,000 of the general fund--private/local appropriation, and \$146,072,000 of the general fund--federal appropriation are provided solely for the provider incentive program and other initiatives related to the health information technology Medicaid plan. The general fund--private/local appropriation in this subsection shall be funded with proceeds from settlements in the case of *State of Washington vs. GlaxoSmithKline*. The authority and the office of the attorney general shall enter an interagency agreement regarding use of these funds.

~~((36))~~ (35) \$2,926,000 of the general fund--local appropriation and \$2,928,000 of the general fund--federal appropriation are provided solely to support medical airlift services.

~~((37))~~ (36) The authority shall collect data on enrollment and utilization to study whether the expansion of family planning coverage under Substitute Senate Bill No. 5912 is reducing state medical expenditures by reducing unwanted pregnancies. The authority shall report its findings to the legislature by December 1, 2012.

~~((38))~~ (37) \$480,000 of the general fund--state appropriation for fiscal year 2012, \$480,000 of the general fund--state appropriation for fiscal year 2013, and \$824,000 of the general fund--federal appropriation are provided solely for customer services staff. The authority will attempt to improve the phone answer rate to 40 percent and reduce the response times to written questions to ten days for clients and 25 days for providers. The authority will report to the legislature on its progress toward achieving these goals by January 1, 2012. If the authority has not achieved these goals by July 1, 2012, then the authority shall reduce expenditures on management staff in order to increase expenditures on customer service staff until the goals are achieved.

~~((39))~~ (38) The department shall purchase a brand name drug when it determines that the cost of the brand name drug after rebates is less than the cost of generic alternatives and that purchase of the brand rather than generic version can save at least \$250,000. The department may purchase generic alternatives when changes in market prices make the price of the brand name drug after rebates more expensive than the generic alternatives.

~~((41))~~ (39) \$150,000 of the general fund--state appropriation for fiscal year 2012 and \$1,964,000 of the general fund--state

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appropriation for fiscal year 2013 are provided solely to implement Engrossed Second Substitute House Bill No. 2319 (affordable care act). If the bill is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

~~((42))~~ (40) \$1,109,000 of the general fund--state appropriation for fiscal year 2012, \$1,471,000 of the general fund--state appropriation for fiscal year 2013, and \$21,890,000 of the general fund--federal appropriation are provided solely to implement phase two of the project to create a single provider payment system that consolidates medicaid medical and social services payments and replaces the social service payment system.

~~((43))~~ (41) In order to achieve the twelve percent reduction in emergency room expenditures in the fiscal year 2013 appropriations provided in this section, the authority, in consultation with the Washington state hospital association, the Washington state medical association, and the Washington chapter of the American college of emergency physicians shall designate best practices and performance measures to reduce medically unnecessary emergency room visits of medicaid clients. The Washington state hospital association, the Washington state medical association, and the Washington chapter of the American college of emergency physicians will work with the authority to promote these best practices. The best practices and performance measures shall consist of the following items:

(a) Adoption of a system to exchange patient information among emergency room departments on a regional or statewide basis;

(b) Active dissemination of patient educational materials produced by the Washington state hospital association, Washington state medical association, and the Washington chapter of the American college of emergency physicians that instruct patients on appropriate facilities for nonemergent health care needs;

(c) Designation of hospital personnel and emergency room physician personnel to receive and appropriately disseminate information on clients participating in the medicaid patient review and coordination program and to review monthly utilization reports on those clients provided by the authority;

(d) A process to assist the authority's patient review and coordination program clients with their care plans. The process must include substantial efforts by hospitals to schedule an appointment with the client's assigned primary care provider within seventy-two hours of the client's medically unnecessary emergency room visit when appropriate under the client's care plan;

(e) Implementation of narcotic guidelines that incorporate the Washington chapter of the American college of emergency physician guidelines;

(f) Physician enrollment in the state's prescription monitoring program, as long as the program is funded; and

(g) Designation of a hospital emergency department physician responsible for reviewing the state's medicaid utilization management feedback reports, which will include defined performance measures. The emergency department physician and hospital will have a process to take appropriate action in response to the information in the feedback reports if performance measures are not met. The authority must develop feedback reports that include timely emergency room utilization data such as visit rates, medically unnecessary visit rates (by hospital and by client), emergency department imaging utilization rates, and other measures as needed. The authority may utilize the Robert Bree collaborative for assistance related to this best practice.

The requirements for best practices for a critical access hospital should not include adoption of a system to exchange patient information if doing so would pose a financial burden, and should not include requirements related to the authority's patient review and

coordination program if the volume of those patients seen at the critical access hospital are small.

Hospitals participating in this medicaid best practices program shall submit to the authority a declaration from executive level leadership indicating hospital adoption of and compliance with the best practices enumerated above. In the declaration, hospitals will affirm that they have in place written policies, procedures, or guidelines to implement these best practices and are willing to share them upon request. The declaration must also give consent for the authority to disclose feedback reports and performance measures on its web site. The authority shall submit a list of declaring hospitals to the relevant policy and fiscal committees of the legislature by July 15, 2012.

If the authority does not receive by July 1, 2012, declarations from hospitals representing at least seventy-five percent of emergency room visits by medicaid clients in fiscal year 2010, the authority may implement a policy of nonpayment of medically unnecessary emergency room visits, with appropriate client and clinical safeguards such as exemptions and expedited prior authorization. The authority shall by January 15, 2013, perform a preliminary fiscal analysis of trends in implementing the best practices in this subsection, focusing on outlier hospitals with high rates of unnecessary visits by medicaid clients, high emergency room visit rates for patient review and coordination clients, low rates of completion of treatment plans for patient review and coordination clients assigned to the hospital, and high rates of prescribed long-acting opiates. In cooperation with the leadership of the hospital, medical, and emergency physician associations, additional efforts shall be focused on assisting those outlier hospitals and providers to achieve more substantial savings. The authority by January 15, 2013, will report to the legislature about whether assumed savings based on preliminary trend and forecasted data are on target and if additional best practices or other actions need to be implemented.

If necessary, pursuant to RCW 34.05.350(1)(c), the authority may employ emergency rulemaking to achieve the reductions assumed in the appropriations under this section.

Nothing in this subsection shall in any way impact the authority's ability to adopt and implement policies pertaining to the patient review and coordination program.

~~((46))~~ (42) The ~~((department))~~ authority shall seek a medicaid state plan amendment to create a ~~((graduate medical education))~~ professional services supplemental payment managed care program for professional services delivered to managed care recipients by University of Washington medicine and other public professional providers. This program shall be effective as soon as administratively possible and shall operate concurrently with the existing professional services supplemental payment program. ~~((Providers that participate in the graduate medical education supplemental payment program are not eligible to participate in the professional services supplemental payment program.))~~ The ~~((department))~~ authority shall apply federal rules for identifying the difference between ~~((current physician encounter))~~ average commercial rates and fee-for-service medicaid payments ~~((to participating providers and the applicable federal upper payment limit)).~~ This difference will be multiplied by the number of managed care encounters and incorporated into the managed care plan capitation rates by a certified actuary. The managed care plans will pay the providers the difference attributable to the increased capitation rate. Participating providers shall be solely responsible for providing the local funds required to obtain federal matching funds. Any incremental costs incurred by the ~~((department))~~ authority in the development, implementation, and maintenance of this program shall be the responsibility of the participating providers. Participating providers shall retain the full

amount of supplemental payments provided under this program, net of any costs related to the program that are disallowed due to audits or litigation against the state.

~~((47))~~ (43) The authority shall exclude antiretroviral drugs used to treat HIV/AIDS, anticancer medication that is used to kill or slow the growth of cancerous cells, antihemophilic drugs, insulin and other drugs to lower blood glucose, and immunosuppressive drugs from any formulary limitations implemented to operate within the appropriations provided in this section.

~~((48))~~ (44) If Engrossed Substitute Senate Bill No. 5978 (medicaid fraud) is not enacted by June 30, 2012, the amounts appropriated in this section from the medicaid fraud penalty account--state appropriation shall lapse and an additional \$3,608,000 shall be appropriated from the general fund--state for fiscal year 2013 for medicaid services, fraud detection and prevention activities, recovery of improper payments, and for other medicaid fraud enforcement activities.

~~((50))~~ (45) Within the amounts appropriated in this section, the health care authority and the department of social and health services shall implement the state option to provide health homes for enrollees with chronic conditions under section 2703 of the federal affordable care act. The total state match for enrollees who are dually-eligible for both medicare and medicaid and not enrolled in managed care shall be no more than the net savings to the state from the enhanced match rate for its medicaid-only managed care enrollees under section 2703.

~~((51))~~ (46) The health care authority shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The health care authority may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the health care authority receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

~~((52))~~ (47) \$66,000 of the general fund--state appropriation for fiscal year 2013 and \$66,000 of the general fund--federal appropriation are provided solely to implement Engrossed Second Substitute House Bill No. 2536 (children services/delivery). The department of social and health services' programs responsible for administration of mental health, child welfare, and juvenile justice programs will coordinate with the health care authority on the development of contract terms which facilitate efforts to meet requirements of the bill. If the bill is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

~~((53))~~ (48) The health care authority shall participate in the work group established by the department of corrections in section 220(2) of this act to review release options for elderly and infirm offenders.

(49) \$208,000 of the medicaid fraud penalty account--state appropriation for fiscal year 2013 and \$728,000 of the general fund--federal appropriation are provided solely for the rebasing of outpatient and inpatient payment methods.

Sec. 1214. 2012 2nd sp.s. c 7 s 216 (uncodified) is amended to read as follows:

FOR THE CRIMINAL JUSTICE TRAINING COMMISSION

General Fund--State Appropriation (FY 2012)	\$14,589,000
General Fund--State Appropriation (FY 2013)	(\$14,147,000)

.....	\$14,504,000
General Fund--Federal Appropriation	\$456,000
General Fund--Private/Local Appropriation.....	(\$4,048,000)
.....	\$3,940,000
Death Investigations Account--State Appropriation.....	\$148,000
Municipal Criminal Justice Assistance Account--	
State Appropriation	\$460,000
Washington Auto Theft Prevention Authority Account--	
State Appropriation	\$8,597,000
TOTAL APPROPRIATION	(\$42,445,000)
.....	\$42,694,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$5,000,000 of the general fund--state appropriation for fiscal year 2012 and \$5,000,000 of the general fund--state appropriation for fiscal year 2013, are provided to the Washington association of sheriffs and police chiefs solely to verify the address and residency of registered sex offenders and kidnapping offenders under RCW 9A.44.130.

(2) \$321,000 of the general fund--local appropriation is provided solely to purchase ammunition for the basic law enforcement academy. Jurisdictions shall reimburse to the criminal justice training commission the costs of ammunition, based on the average cost of ammunition per cadet, for cadets that they enroll in the basic law enforcement academy.

(3) The criminal justice training commission may not run a basic law enforcement academy class of fewer than 30 students.

(4) \$100,000 of the general fund--state appropriation for fiscal year 2012 and \$100,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a school safety program. The commission, in collaboration with the school safety center advisory committee, shall provide the school safety training for all school administrators and school safety personnel hired after the effective date of this section.

(5) \$96,000 of the general fund--state appropriation for fiscal year 2012 and \$96,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the school safety center within the commission. The safety center shall act as an information dissemination and resource center when an incident occurs in a school district in Washington or in another state, coordinate activities relating to school safety, and review and approve manuals and curricula used for school safety models and training. Through an interagency agreement, the commission shall provide funding for the office of the superintendent of public instruction to continue to develop and maintain a school safety information web site. The school safety center advisory committee shall develop and revise the training program, using the best practices in school safety, for all school safety personnel. The commission shall provide research-related programs in school safety and security issues beneficial to both law enforcement and schools.

(6) \$1,000,000 of the general fund--state appropriation for fiscal year 2012 and \$1,000,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for grants to counties enforcing illegal drug laws and which have been underserved by federally funded state narcotics task forces. The Washington association of sheriffs and police chiefs, the Washington association of prosecuting attorneys, and the Washington association of county officials shall jointly develop funding allocations for the offices of the county sheriff, county prosecutor, and county clerk in qualifying counties. The commission shall not impose an administrative cost on this program.

Sec. 1215. 2012 2nd sp.s. c 7 s 218 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF VETERANS AFFAIRS

(1) HEADQUARTERS

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General Fund--State Appropriation (FY 2012)	\$1,829,000
General Fund--State Appropriation (FY 2013)	\$1,801,000
Charitable, Educational, Penal, and Reformatory Institutions Account--State Appropriation	\$10,000
TOTAL APPROPRIATION	\$3,640,000
(2) FIELD SERVICES	
General Fund--State Appropriation (FY 2012)	\$5,002,000
General Fund--State Appropriation (FY 2013)	\$4,964,000
General Fund--Federal Appropriation	\$3,348,000
General Fund--Private/Local Appropriation	(\$4,722,000)
.....	\$5,447,000
Veterans Innovations Program Account--State Appropriation	\$810,000
Veteran Estate Management Account--Private/Local Appropriation	\$1,079,000
TOTAL APPROPRIATION	(\$19,925,000)
.....	\$20,650,000

The appropriations in this subsection are subject to the following conditions and limitations: \$821,000 of the veterans innovations program account--state appropriation is provided solely for the department to continue support for returning combat veterans through the veterans innovation program, including emergency financial assistance through the defenders' fund and long-term financial assistance through the competitive grant program.

(3) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2012)	\$1,743,000
General Fund--Federal Appropriation	(\$61,437,000)
.....	\$63,019,000
General Fund--Private/Local Appropriation	(\$29,506,000)
.....	\$30,569,000
TOTAL APPROPRIATION	(\$92,686,000)
.....	\$95,331,000

Sec. 1216. 2012 2nd sp.s. c 7 s 219 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF HEALTH

General Fund--State Appropriation (FY 2012)	\$79,404,000
General Fund--State Appropriation (FY 2013)	(\$78,114,000)
.....	\$77,589,000
General Fund--Federal Appropriation	(\$553,078,000)
.....	\$573,078,000
General Fund--Private/Local Appropriation	(\$148,055,000)
.....	\$144,055,000
Hospital Data Collection Account--State Appropriation	\$214,000
Health Professions Account--State Appropriation	\$99,085,000
Aquatic Lands Enhancement Account--State Appropriation	\$604,000
Emergency Medical Services and Trauma Care Systems Trust Account--State Appropriation	(\$12,300,000)
.....	\$10,523,000
Safe Drinking Water Account--State Appropriation	\$4,464,000
Drinking Water Assistance Account--Federal Appropriation	\$21,965,000
Waterworks Operator Certification--State Appropriation	\$1,528,000
Drinking Water Assistance Administrative Account-- State Appropriation	\$326,000
Site Closure Account--State Appropriation	\$79,000
Biotxin Account--State Appropriation	(\$1,167,000)
.....	\$1,231,000
State Toxics Control Account--State Appropriation	\$3,628,000
Medical Test Site Licensure Account--State Appropriation	\$2,311,000
Youth Tobacco Prevention Account--State Appropriation	(\$1,512,000)
.....	\$1,348,000

Community and Economic Development Fee Account--State Appropriation	\$298,000
Public Health Supplemental Account--Private/Local Appropriation	\$3,598,000
Accident Account--State Appropriation	\$295,000
Medical Aid Account--State Appropriation	\$50,000
Tobacco Prevention and Control Account--State Appropriation	\$1,729,000
TOTAL APPROPRIATION	(\$1,013,804,000)
.....	\$1,027,402,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The department of health shall not initiate any services that will require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department of health and the state board of health shall not implement any new or amended rules pertaining to primary and secondary school facilities until the rules and a final cost estimate have been presented to the legislature, and the legislature has formally funded implementation of the rules through the omnibus appropriations act or by statute. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation that provides appropriation authority, and an equal amount of appropriated state moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(2) In accordance with RCW 43.70.250 and 43.135.055, the department is authorized to establish and raise fees in fiscal year 2012 as necessary to meet the actual costs of conducting business and the appropriation levels in this section. This authorization applies to fees required for: The review of health care facility construction; review of health facility requests for certificate of need; the regulation and inspection of farm worker housing, hospital licensing, in-home health service agencies, and producers of radioactive waste; the regulation and inspection of shellfish sanitary control, surgical facility licensing, and; fees associated with the following professions: Dietitians and nutritionists, occupational therapists, pharmacy, veterinarian, orthotics and prosthetics, surgical technicians, nursing home administrators, health care assistants, hearing and speech, psychology, hypnotherapy, chiropractic, social workers, physicians, and physician assistants.

(3) Pursuant to RCW 18.130.250, the department is authorized to establish a lower cost fee category for retired licensed practical nurses and registered nurses.

(4) In accordance with RCW 43.135.055, the department is authorized to adopt fees set forth in and previously authorized in chapter 92, Laws of 2010.

(5) \$1,969,000 of the health professions account--state appropriation is provided solely to implement online licensing for health care providers. The department must submit a detailed investment plan for this project to the office of financial management. The office of financial management must review and approve this plan before funding may be expended. The department of health must successfully implement online application and renewal for at least one profession as a pilot project before pursuing additional professions. The department must

report to the office of financial management on the outcome of the pilot project.

(6) \$16,000 of the health professions account--state appropriation is provided solely for the implementation of House Bill No. 1181 (board of naturopathy). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(7) \$21,000 of the health professions account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1304 (health care assistants). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(8) \$54,000 of the health professions account--state appropriation is provided solely for the implementation of House Bill No. 1353 (pharmacy technicians). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(9) \$142,000 of the health professions account--state appropriation is provided solely for the implementation of Engrossed Substitute Senate Bill No. 5020 (social workers). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(10) \$336,000 of the health professions account--state appropriation is provided solely for the implementation of Senate Bill No. 5480 (physicians and physician assistants). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(11) \$46,000 of the health professions account--state appropriation is provided solely for the implementation of Substitute Senate Bill No. 5071 (online access for midwives and marriage and family therapists). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(12) \$137,000 of the health professions account--state appropriation is provided solely for implementation of Substitute House Bill No. 1133 (massage practitioner license). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(13) \$85,000 of the general fund--state appropriation for fiscal year 2012 is provided solely for the developmental disabilities council to contract for a family-to-family mentor program to provide information and support to families and guardians of persons who are transitioning out of residential habilitation centers. To the maximum extent allowable under federal law, these funds shall be matched under medicaid through the department of social and health services and federal funds shall be transferred to the department for the purposes stated in this subsection. If Second Substitute Senate Bill No. 5459 (people with developmental disabilities) is not enacted by June 30, 2011, the amounts provided in this subsection shall lapse.

(14) \$57,000 of the general fund--state appropriation for fiscal year 2012 and \$58,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the midwifery licensure and regulatory program to offset a reduction in revenue from fees. There shall be no change to the current annual fees for new or renewed licenses for the midwifery program, except from online access to HEAL-WA. The department shall convene the midwifery advisory committee on a quarterly basis to address issues related to licensed midwifery.

(15) \$118,000 of the general fund--state appropriation for fiscal year 2012 and \$118,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for prevention of youth suicides.

(16) \$87,000 of the general fund--state appropriation for fiscal year 2012 and \$87,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the senior falls prevention program.

(17) \$19,000 of the health professions account--state appropriation is provided solely for implementation of Senate Bill

No. 6290 (military spouses and partners). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(18) \$102,000 of the health professions account--state appropriation is provided solely for implementation of Engrossed Substitute Senate Bill No. 6237 (career pathway/medical assistants). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(19) \$21,000 of the health professions account--state appropriation is provided solely for implementation of Substitute Senate Bill No. 6328 (mental health professionals). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(20) \$61,000 of the health professions account--state appropriation is provided solely for implementation of Engrossed Substitute Senate Bill No. 6103 (reflexologists). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(21) \$28,000 of the health professions account--state appropriation is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5620 (dental anesthesia assistants). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(22) Appropriations for fiscal year 2013 include funding for consolidation of the department of ecology's low-level radioactive waste site use permit program in the department of health.

(23) During the remainder of the 2011-2013 fiscal biennium, each person subject to RCW 43.70.110(3)(c) is required to pay only one surcharge of up to twenty-five dollars annually for the purposes of RCW 43.70.112, regardless of how many professional licenses the person holds.

(24) \$15,000 of the health professions account--state appropriation is provided solely to implement Substitute House Bill No. 2056 (assisted living facilities). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(25) \$11,000 of the health professions account--state appropriation is provided solely to implement Engrossed House Bill No. 2186 (licensed midwives). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(26) \$11,000 of the general fund--state appropriation for fiscal year 2013 is provided solely to implement Engrossed Substitute House Bill No. 2229 (hospital employees). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(27) \$48,000 of the health professions account--state appropriation is provided solely to implement Engrossed Substitute House Bill No. 2314 (long-term care workers). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(28) \$280,000 of the health professions account--state appropriation is provided solely to implement Engrossed Substitute House Bill No. 2366 (suicide assessment and training). If the bill is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

(29) \$11,000 of the general fund--state appropriation for fiscal year 2013 is provided solely to implement Engrossed Substitute House Bill No. 2582 (health care services billing). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(30) \$22,000 of the general fund--state appropriation for fiscal year 2013 is provided solely to implement Substitute Senate Bill No. 6105 (prescription monitoring program). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(31) \$30,000 of the health professions account--state appropriation is provided solely for implementation of Engrossed Substitute House Bill No. 2473 (medication assistant endorsement).

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If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(32) General fund--state appropriations for fiscal year 2013 includes funding to subsidize operating license and inspection fees in the temporary worker housing program. In implementing this subsidy, the department shall evaluate program regulations including but not limited to the use of occupancy levels to determine the fee structure and the frequency of inspections.

Sec. 1217. 2012 2nd sp.s. c 7 s 220 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF CORRECTIONS

The appropriations to the department of corrections in this act shall be expended for the programs and in the amounts specified in this section. However, after May 1, (~~2012~~) 2013, after approval by the director of financial management and unless specifically prohibited by this act, the department may transfer general fund--state appropriations for fiscal year (~~2012~~) 2013 between programs. The department shall not transfer funds, and the director of financial management shall not approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any deviations from appropriation levels. The written notification shall include a narrative explanation and justification of the changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund--State Appropriation (FY 2012)	\$52,025,000
General Fund--State Appropriation (FY 2013)	(\$52,981,000)
.....	\$52,706,000
TOTAL APPROPRIATION	(\$105,006,000)
.....	\$104,731,000

The appropriations in this subsection are subject to the following conditions and limitations: \$35,000 of the general fund--state appropriation for fiscal year 2012 and \$35,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the support of a statewide council on mentally ill offenders that includes as its members representatives of community-based mental health treatment programs, current or former judicial officers, and directors and commanders of city and county jails and state prison facilities. The council will investigate and promote cost-effective approaches to meeting the long-term needs of adults and juveniles with mental disorders who have a history of offending or who are at-risk of offending, including their mental health, physiological, housing, employment, and job training needs.

(2) CORRECTIONAL OPERATIONS

General Fund--State Appropriation (FY 2012)	\$598,237,000
General Fund--State Appropriation (FY 2013)	(\$575,457,000)
.....	\$581,890,000
General Fund--Federal Appropriation	\$3,324,000
Washington Auto Theft Prevention Authority Account-- State Appropriation	(\$14,079,000)
.....	\$13,177,000
Enhanced 911 Account--State Appropriation	\$2,000,000
TOTAL APPROPRIATION	(\$1,193,097,000)
.....	\$1,198,628,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) During the 2011-13 biennium, when contracts are established or renewed for offender pay phone and other telephone services provided to inmates, the department shall select the contractor or contractors primarily based on the following factors:

(i) The lowest rate charged to both the inmate and the person paying for the telephone call; and (ii) the lowest commission rates paid to the department, while providing reasonable compensation to cover the costs of the department to provide the telephone services to inmates and provide sufficient revenues for the activities funded from the institutional welfare betterment account.

(b) The Harborview medical center and the University of Washington medical center shall provide inpatient and outpatient hospital services to offenders confined in department of corrections facilities at a rate no greater than the average rate that the department has negotiated with other community hospitals in Washington state.

(c) \$102,000 of the general fund--state appropriation for fiscal year 2012 and \$102,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to implement House Bill No. 1290 (health care employee overtime). If the bill is not enacted by June 30, 2011, the amounts provided in this subsection shall lapse.

(d) \$32,000 of the general fund--state appropriation for fiscal year 2012 and \$33,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to implement Substitute House Bill No. 1718 (offenders with developmental disabilities). If the bill is not enacted by June 30, 2011, the amounts provided in this subsection shall lapse.

(e) The department of corrections shall contract with local and tribal governments for the provision of jail capacity to house offenders. A contract shall not have a cost of incarceration in excess of \$85 per day per offender. A contract shall not have a year-to-year increase in excess of three percent per year. The contracts may include rates for the medical care of offenders which exceed the daily cost of incarceration and the limitation on year-to-year increase, provided that medical payments conform to the department's offender health plan, pharmacy formulary, and all off-site medical expenses are preapproved by department utilization management staff.

(f) \$311,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for implementation of House Bill No. 2346 (correctional officer uniforms). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(g) \$41,000 of the general fund--state appropriation for fiscal year 2012 and ~~(\$165,000)~~ \$501,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the department to maintain the facility, property, and assets at the institution formerly known as the maple lane school in Rochester. The department may not house incarcerated offenders at the maple lane site until specifically directed by the legislature. By November 1, 2012, the department shall report to the appropriate fiscal committees of the house of representatives and the senate with a plan for the future use of the facility.

(h) By December 1, 2012, the department shall provide to the legislative fiscal committees a report that evaluates health care expenditures in Washington state correctional institutions and makes recommendations for controlling health care costs. The report shall evaluate the source of health care costs, including offender health issues, use of pharmaceuticals, offsite and specialist medical care, chronic disease costs, and mental health issues. The department may include information from other states on cost control in offender health care, trends in offender health care that indicate potential cost increases, and management of high-cost diagnoses.

(i) The department shall convene a work group to develop health care cost containment strategies at local jail facilities. The work group shall identify cost containment strategies in place at the department and at local jail facilities, identify the costs and benefits of implementing strategies in jail health-care facilities, and make recommendations on implementing beneficial strategies. The work group shall submit a report on its findings and

recommendations to the fiscal committees of the legislature by October 1, 2013. The work group shall include jail administrators, representatives from health care facilities at the local jail level and the state prisons level, and other representatives as deemed necessary.

(j) The department of corrections, with participation of the health care authority and the department of social and health services, aging and adult services administration, shall establish a work group to analyze and review release options for elderly and infirm offenders and submit recommendations to the appropriate policy and fiscal committees of the legislature with release options for these populations no later than December 1, 2012. In making its recommendations, the work group shall identify:

- (i) The most expensive medical conditions for which the department has had to treat its offenders and the offenders receiving the most costly ongoing medical treatments;
- (ii) For identified populations, the age, level of disability, cost of care while incarcerated, safety issues related to release, ease of placement, and time served in relation to the offender's sentence;
- (iii) Potential cost savings to the state that may be generated by the early release of elderly and infirm offenders;
- (iv) Housing options to expedite the release of aging and infirm offenders while maintaining the safety of housing providers, other housing residents, and the general public; and
- (v) Optimal procedures for reviewing offenders on a case-by-case basis to ensure that the interests of justice and public safety are considered in any early release decision.

(3) COMMUNITY SUPERVISION

General Fund--State Appropriation (FY 2012)	\$127,121,000
General Fund--State Appropriation (FY 2013)	((\$128,494,000))
.....	\$126,251,000
Federal Narcotics Forfeiture Account--Federal	
Appropriation	\$372,000
Controlled Substances Account--State	
Appropriation	\$32,000
TOTAL APPROPRIATION	((\$256,019,000))
.....	\$253,776,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$875,000 of the general fund--state appropriation for fiscal year 2012 is provided solely to implement Engrossed Substitute House Bill No. 5891 (criminal justice cost savings). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(b) (~~(\$6,362,000)~~) \$3,753,000 of the general fund--state appropriation for fiscal year 2013 is provided solely to implement an evidence-based risk-needs-responsivity model for community supervision of offenders.

(4) CORRECTIONAL INDUSTRIES

General Fund--State Appropriation (FY 2012)	\$2,513,000
General Fund--State Appropriation (FY 2013)	\$2,431,000
TOTAL APPROPRIATION	\$4,944,000

The appropriations in this subsection are subject to the following conditions and limitations: \$66,000 of the general fund--state appropriation for fiscal year 2012 is provided solely for transfer to the jail industries board. The board shall use the amounts provided only for administrative expenses, equipment purchases, and technical assistance associated with advising cities and counties in developing, promoting, and implementing consistent, safe, and efficient offender work programs.

(5) INTERAGENCY PAYMENTS

General Fund--State Appropriation (FY 2012)	\$35,821,000
General Fund--State Appropriation (FY 2013)	((\$27,264,000))
.....	\$27,539,000
TOTAL APPROPRIATION	((\$63,085,000))
.....	\$63,360,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The state prison institutions may use funds appropriated in this subsection to rent uniforms from correctional industries in accordance with existing legislative mandates.

(b) The state prison medical facilities may use funds appropriated in this subsection to purchase goods and supplies through hospital or other group purchasing organizations when it is cost effective to do so.

(c) The department shall reduce payments to the department of information services or its successor by \$213,000 in fiscal year 2012 and by \$1,150,000 in fiscal year 2013. The reduction in payment shall be related to the elimination of the offender base tracking system, including moving remaining portions of the offender base tracking system into the offender management network information system.

Sec. 1218. 2012 2nd sp.s. c 7 s 221 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SERVICES FOR THE BLIND

General Fund--State Appropriation (FY 2012)	\$2,159,000
General Fund--State Appropriation (FY 2013)	\$2,131,000
General Fund--Federal Appropriation	((\$19,239,000))
.....	\$19,739,000
General Fund--Private/Local Appropriation	((\$30,000))
.....	\$105,000
TOTAL APPROPRIATION	((\$23,559,000))
.....	\$24,134,000

Sec. 1219. 2012 2nd sp.s. c 7 s 222 (uncodified) is amended to read as follows:

FOR THE EMPLOYMENT SECURITY DEPARTMENT

General Fund--Federal Appropriation	\$267,069,000
General Fund--Private/Local Appropriation	\$33,856,000
Unemployment Compensation Administration Account--	
Federal Appropriation	((\$349,247,000))
.....	\$356,767,000
Administrative Contingency Account--State	
Appropriation	\$20,940,000
Employment Service Administrative Account--State	
Appropriation	\$33,609,000
TOTAL APPROPRIATION	((\$704,721,000))
.....	\$712,241,000

The appropriations in this subsection are subject to the following conditions and limitations:

(1) \$39,666,000 of the unemployment compensation administration account--federal appropriation is from amounts made available to the state by section 903 (d), (f), and (g) of the social security act (Reed act). This amount is provided solely for continuing current unemployment insurance functions and department services to employers and job seekers.

(2) \$35,584,000 of the unemployment compensation administration account--federal appropriation is from amounts made available to the state by section 903 (d), (f), and (g) of the social security act (Reed act). This amount is provided solely for the replacement of the unemployment insurance tax information system for the employment security department. The employment security department shall support the department of revenue and department of labor and industries to develop a common vision to ensure technological compatibility between the three agencies to facilitate a coordinated business tax system for the future that improves services to business customers. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer created in Engrossed Substitute Senate Bill No. 5931 (information technology management).

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(3) \$25,000 of the unemployment compensation administration account--federal appropriation is from amounts made available to the state by section 903 (d), (f), and (g) of the social security act (Reed act). This amount is provided solely for implementation of system changes to the unemployment insurance tax information system required under chapter 4, Laws of 2011 (unemployment insurance program).

(4) \$1,459,000 of the unemployment compensation administration account--federal appropriation is from amounts available to the state by section 903 (d), (f), and (g) of the social security act (Reed act). This amount is provided solely for implementation of chapter 4, Laws of 2011 (unemployment insurance program).

(5) \$80,000 of the unemployment compensation administration account--federal appropriation is provided solely for costs associated with the initial review and evaluation of the training benefits program as directed in section 15(2), chapter 4, Laws of 2011 (unemployment insurance program). The initial review shall be developed by the joint legislative audit and review committee. This appropriation is provided from funds made available to the state by section 903 (d), (f), and (g) of the social security act (Reed act).

(End of part)

**PART XIII
NATURAL RESOURCES**

Sec. 1301. 2012 2nd sp.s. c 7 s 303 (uncodified) is amended to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION	
General Fund--State Appropriation (FY 2012)	\$8,955,000
General Fund--State Appropriation (FY 2013)	\$8,379,000
General Fund--Federal Appropriation	\$5,905,000
Winter Recreation Program Account--State	
Appropriation	(\$1,759,000)
.....	\$2,034,000
ORV and Nonhighway Vehicle Account--State Appropriation	
.....	\$224,000
Snowmobile Account--State Appropriation	
.....	\$4,844,000
Aquatic Lands Enhancement Account--State	
Appropriation	\$4,363,000
Parks Renewal and Stewardship Account--State	
Appropriation	\$106,505,000
Parks Renewal and Stewardship Account--Private/Local	
Appropriation	\$300,000
TOTAL APPROPRIATION	(\$141,234,000)
.....	\$141,509,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$8,876,000 of the general fund--state appropriation for fiscal year 2012, \$8,300,000 of the general fund--state appropriation for fiscal year 2013, and \$4,000,000 of the aquatic lands enhancement account--state appropriation are provided solely to operate and maintain state parks as the commission implements a new fee structure. The goal of this structure is to make the parks system self-supporting. By August 1, 2012, state parks must submit a report to the office of financial management detailing its progress toward this goal and outlining any additional statutory changes needed for successful implementation.

(2) \$79,000 of the general fund--state appropriation for fiscal year 2012 and \$79,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a grant for the operation of the Northwest avalanche center.

(3) \$44,528,000 of the parks renewal and stewardship account--state appropriation is provided solely for implementation of Second Substitute Senate Bill No. 5622 (state land recreation access). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(4) Prior to closing any state park, the commission must notify all affected local governments and relevant nonprofit organizations of the intended closure and provide an opportunity for the notified local governments and nonprofit organizations to elect to acquire, or enter into, a maintenance and operating contract with the commission that would allow the park to remain open.

(5) The state parks and recreation commission, in cooperation with the Fort Worden lifelong learning center public development authority authorized under RCW 35.21.730 shall provide a report to the governor and appropriate committees of the legislature no later than October 15, 2012, to create a lifelong learning center at Fort Worden state park. This plan shall support and be based upon the Fort Worden state park long-range plan adopted by the state parks and recreation commission in September 2008. The report shall include a business and governance plan and supporting materials that provide options and recommendations on the long-term governance of Fort Worden state park, including building maintenance and restoration. While the commission may transfer full or partial operations to the public development authority the state shall retain title to the property. The state parks and recreation commission and the public development authority will agree on the scope and content of the report including the business and governance plan. In preparing this report the state parks and recreation commission and the public development authority shall provide ample opportunity for the public and stakeholders to participate in the development of the business and governance plan. The state parks and recreation commission shall review the report and if it is consistent with the 2008 Fort Worden state park long-range plan shall take action on a long-term governance and business plan no later than December 31, 2012.

(6) Within the appropriations contained in this section, the commission shall review the removal of trees from Brooks memorial state park that have been killed or damaged by fire in order to determine the recovery value from the sale of any timber that is surplus to the needs of the park. The commission shall remove such trees, if the commission determines that the recovery value from the sale of any timber is at least cost neutral and the removal is in a manner consistent with RCW 79A.05.035.

Sec. 1302. 2012 2nd sp.s. c 7 s 307 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF FISH AND WILDLIFE	
General Fund--State Appropriation (FY 2012)	\$34,098,000
General Fund--State Appropriation (FY 2013)	(\$23,618,000)
.....	\$26,417,000
General Fund--Federal Appropriation	
.....	(\$105,481,000)
.....	\$105,725,000
General Fund--Private/Local Appropriation	
.....	(\$56,923,000)
.....	\$57,107,000
ORV and Nonhighway Vehicle Account--State Appropriation	
.....	\$391,000
Aquatic Lands Enhancement Account--State	
Appropriation	(\$12,113,000)
.....	\$12,125,000
Recreational Fisheries Enhancement--State	
Appropriation	(\$2,794,000)
.....	\$2,809,000
Warm Water Game Fish Account--State Appropriation	
.....	(\$2,841,000)
.....	\$2,842,000
Eastern Washington Pheasant Enhancement Account--State	

Appropriation	\$849,000
Aquatic Invasive Species Enforcement Account--State	
Appropriation	\$204,000
Aquatic Invasive Species Prevention Account--State	
Appropriation	\$848,000
State Wildlife Account--State Appropriation	(\$100,742,000)
.....	\$95,241,000
Special Wildlife Account--State Appropriation.....	\$2,382,000
Special Wildlife Account--Federal Appropriation.....	\$500,000
Special Wildlife Account--Private/Local Appropriation.....	\$3,415,000
Wildlife Rehabilitation Account--State Appropriation.....	\$259,000
Regional Fisheries Enhancement Salmonid Recovery	
Account--Federal Appropriation.....	\$5,001,000
Oil Spill Prevention Account--State Appropriation.....	\$883,000
Oyster Reserve Land Account--State Appropriation.....	\$919,000
Recreation Resources Account--State Appropriation.....	\$3,300,000
Hydraulic Project Approval Account--State Appropriation	
.....	\$337,000
TOTAL APPROPRIATION	(\$357,900,000)
.....	\$355,652,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$294,000 of the aquatic lands enhancement account--state appropriation is provided solely for the implementation of hatchery reform recommendations defined by the hatchery scientific review group.

(2) \$355,000 of the general fund--state appropriation for fiscal year 2012 and \$355,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the department to continue a pilot project with the Confederated Tribes of the Colville Reservation to develop expanded recreational fishing opportunities on Lake Rufus Woods and its northern shoreline and to conduct joint enforcement of lake fisheries on Lake Rufus Woods and adjoining waters, pursuant to state and tribal intergovernmental agreements developed under the Columbia River water supply program. For the purposes of the pilot project:

(a) A fishing permit issued to a nontribal member by the Colville Tribes shall satisfy the license requirement of RCW 77.32.010 on the waters of Lake Rufus Woods and on the north shore of Lake Rufus Woods;

(b) The Colville Tribes have agreed to provide to holders of its nontribal member fishing permits a means to demonstrate that fish in their possession were lawfully taken in Lake Rufus Woods;

(c) A Colville tribal member identification card shall satisfy the license requirement of RCW 77.32.010 on all waters of Lake Rufus Woods;

(d) The department and the Colville Tribes shall jointly designate fishing areas on the north shore of Lake Rufus Woods for the purposes of enhancing access to the recreational fisheries on the lake; and

(e) The Colville Tribes have agreed to recognize a fishing license issued under RCW 77.32.470 or RCW 77.32.490 as satisfying the nontribal member fishing permit requirements of Colville tribal law on the reservation portion of the waters of Lake Rufus Woods and at designated fishing areas on the north shore of Lake Rufus Woods;

(3) Prior to submitting its 2013-2015 biennial operating and capital budget request related to state fish hatcheries to the office of financial management, the department shall contract with the hatchery scientific review group (HSRG) to review this request. This review shall: (a) Determine if the proposed requests are consistent with HSRG recommendations; (b) prioritize the components of the requests based on their contributions to protecting wild salmonid stocks and meeting the recommendations of the HSRG; and (c) evaluate whether the proposed requests are being made in the most cost effective manner. The department

shall provide a copy of the HSRG review to the office of financial management with their agency budget proposal.

(4) \$400,000 of the general fund--state appropriation for fiscal year 2012 and \$400,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a state match to support the Puget Sound nearshore partnership between the department and the U.S. army corps of engineers.

(5) \$50,000 of the general fund--state appropriation for fiscal year 2012 and \$50,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for removal of derelict gear in Washington waters.

(6) \$100,000 of the eastern Washington pheasant enhancement account--state appropriation is provided solely for the department to support efforts to enhance permanent and temporary pheasant habitat on public and private lands in Grant, Franklin, and Adams counties. The department may support efforts by entities including conservation districts, nonprofit organizations, and landowners, and must require such entities to provide significant nonstate matching resources, which may be in the form of funds, material, or labor.

(7) Within the amounts appropriated in this section, the department shall identify additional opportunities for partnerships in order to keep fish hatcheries operational. Such partnerships shall aim to maintain fish production and salmon recovery with less reliance on state operating funds.

(8) By September 1, 2011, the department shall update its interagency agreement dated September 30, 2010, with the department of natural resources concerning land management services on the department of fish and wildlife's wildlife conservation and recreation lands. The update shall include rates and terms for services.

(9) Prior to opening game management unit 490 to public hunting, the department shall complete an environmental impact statement that includes an assessment of how public hunting activities will impact the ongoing protection of the public water supply.

(10) \$18,514,000 of the state wildlife account--state appropriation is provided solely for the implementation of Second Substitute Senate Bill No. 5385 (state wildlife account). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(11) \$9,418,000 of the state wildlife account--state appropriation is provided solely for the implementation of Second Substitute Senate Bill No. 5622 (state land recreation access). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(12) \$50,000 of the state wildlife account--state appropriation is provided solely for mitigation, claims, and assessment costs for injury or loss of livestock caused by wolves, black bears, and cougars.

(13) \$552,000 of the aquatic lands enhancement account--state appropriation is provided solely for increased law enforcement capacity to reduce the occurrence of geoduck poaching and illegal harvest activities. With these additional funds, the department shall deploy two new fish and wildlife officers and one detective within Puget Sound to address on-the-water and marketplace geoduck harvest compliance.

(14) \$337,000 of the hydraulic project approval--state appropriation is provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 6406 (state natural resources). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

Sec. 1303. 2012 2nd sp.s. c 7 s 308 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF NATURAL RESOURCES

General Fund--State Appropriation (FY 2012)	\$30,907,000
General Fund--State Appropriation (FY 2013)	(\$35,791,000)

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.....	\$67,782,000
General Fund--Federal Appropriation	\$27,873,000
General Fund--Private/Local Appropriation.....	\$2,372,000
Forest Development Account--State Appropriation ..(\$46,254,000)	
.....	\$44,116,000
ORV and Nonhighway Vehicle Account--State	
Appropriation	\$4,373,000
Surveys and Maps Account--State Appropriation	\$2,118,000
Aquatic Lands Enhancement Account--State	
Appropriation	\$69,000
Resources Management Cost Account--State	
Appropriation	\$90,131,000
Surface Mining Reclamation Account--State	
Appropriation	\$3,467,000
Disaster Response Account--State Appropriation	\$5,000,000
Forest and Fish Support Account--State Appropriation ..	\$9,784,000
Aquatic Land Dredged Material Disposal Site	
Account--State Appropriation	\$838,000
Natural Resources Conservation Areas Stewardship	
Account--State Appropriation	\$34,000
State Toxics Control Account--State Appropriation.....	\$80,000
Air Pollution Control Account--State Appropriation	\$540,000
NOVA Program Account--State Appropriation	\$635,000
Derelict Vessel Removal Account--State Appropriation.	\$1,761,000
Agricultural College Trust Management Account--State	
Appropriation	\$1,848,000
Forest Practices Application Account--State Appropriation	
.....	\$780,000
Marine Resources Stewardship Trust Account--State	
Appropriation	\$2,100,000
TOTAL APPROPRIATION	(\$262,782,000)
.....	\$296,608,000

The appropriations in this section are subject to the following conditions and limitations:

- (1) \$710,000 of the general fund--state appropriation for fiscal year 2012 and \$915,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for deposit into the agricultural college trust management account and are provided solely to manage approximately 70,700 acres of Washington State University's agricultural college trust lands.
- (2) \$8,030,000 of the general fund--state appropriation for fiscal year 2012, (~~\$10,037,000~~) \$42,028,000 of the general fund--state appropriation for fiscal year 2013, and \$5,000,000 of the disaster response account--state appropriation are provided solely for emergency fire suppression. None of the general fund and disaster response account amounts provided in this subsection may be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations. The department of natural resources shall submit a quarterly report to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from the disaster response account. This work shall be done in coordination with the military department.
- (3) \$4,500,000 of the forest and fish support account--state appropriation is provided solely for outcome-based, performance contracts with tribes to participate in the implementation of the forest practices program. Contracts awarded in fiscal year 2013 may only contain indirect costs set at or below the rate in the contracting tribe's indirect cost agreement with the federal government. If federal funding for this purpose is reinstated, the amount provided in this subsection shall lapse.
- (4) \$518,000 of the forest and fish support account--state appropriation is provided solely for outcome-based performance contracts with nongovernmental organizations to participate in the

implementation of the forest practices program. Contracts awarded in fiscal year 2013 may only contain indirect cost set at or below a rate of eighteen percent.

(5) During the 2011-2013 fiscal biennium, \$717,000 of the forest and fish support account--state appropriation is provided solely to fund interagency agreements with the department of ecology and the department of fish and wildlife as part of the adaptive management process.

(6) \$1,000,000 of the general fund--federal appropriation and \$1,000,000 of the forest and fish support account--state appropriation are provided solely for continuing scientific studies already underway as part of the adaptive management process. Funds may not be used to initiate new studies unless the department secures new federal funding for the adaptive management process.

(7) The department is authorized to increase the silviculture burning permit fee in the 2011-2013 biennium by up to eighty dollars plus fifty cents per ton for each ton of material burned in excess of one hundred tons.

(8) \$440,000 of the state general fund--state appropriation for fiscal year 2012 and \$440,000 of the state general fund--state appropriation for fiscal year 2013 are provided solely for forest work crews that support correctional camps and are contingent upon continuing operations of Naselle youth camp.

(9) By September 1, 2011, the department shall update its interagency agreement dated September 30, 2010, with the department of fish and wildlife concerning land management services on the department of fish and wildlife's wildlife conservation and recreation lands. The update shall include rates and terms for services.

(10) In partnership with the department of ecology, the departments shall deliver a report to the governor, the appropriate committees of the legislature, and the forest practices board by September 1, 2012, documenting forest practices adaptive management program reforms implemented, or recommended, that streamline existing processes to increase program efficiencies and effectiveness. The departments shall collaborate with interested adaptive management program participants in the development of the report.

(11)(a) \$2,100,000 of the marine resources stewardship account--state appropriation is provided solely for the implementation of chapter 252, Laws of 2012 (marine management planning) and 43.372 RCW. The department will work with the marine interagency team, tribes, and the Washington state marine resource committee to develop a spending plan consistent with the priorities in chapter 252, Laws of 2012, for conducting ecosystem assessments and mapping activities related to marine resources use and potential economic development, developing marine management plans for the state's coastal waters, and otherwise aiding in the implementation of marine planning in the state. As appropriate, the team shall develop a competitive process for projects to be funded by the department in fiscal year 2013.

(b) The department, in consultation with the marine interagency team, shall submit to the office of financial management and the appropriate legislative committees by September 1, 2012, a prioritized list of projects and activities for funding consideration through the marine resources stewardship account in the 2013-2015 fiscal biennium.

~~((13))~~ (12) \$780,000 of the forest practices application account--state appropriation, \$18,000 of the forest development account--state appropriation, \$23,000 of the resources management cost account--state appropriation, and \$2,000 of the surface mining reclamation account--state appropriation are provided solely for the implementation of Second Engrossed Substitute Senate Bill No.

6406 (state natural resources). If the bill is not enacted by June 30, 2012, the amounts provided in this subsection shall lapse.

(End of part)

**PART XIV
TRANSPORTATION**

Sec. 1401. 2012 2nd sp.s. c 7 s 402 (uncodified) is amended to read as follows:

FOR THE STATE PATROL

General Fund--State Appropriation (FY 2012)	\$35,395,000
General Fund--State Appropriation (FY 2013)	(\$32,323,000)
.....	\$41,947,000
General Fund--Federal Appropriation	\$16,081,000
General Fund--Private/Local Appropriation.....	\$3,021,000
Death Investigations Account--State Appropriation.....	\$5,537,000
County Criminal Justice Assistance Account--State Appropriation	\$3,207,000
Municipal Criminal Justice Assistance Account--State Appropriation	\$1,286,000
Fire Service Trust Account--State Appropriation.....	\$131,000
Disaster Response Account--State Appropriation.....	\$8,002,000
Fire Service Training Account--State Appropriation	\$9,386,000
Aquatic Invasive Species Enforcement Account--State Appropriation	\$54,000
State Toxics Control Account--State Appropriation.....	\$505,000
Fingerprint Identification Account--State Appropriation	\$10,067,000
Vehicle License Fraud Account--State Appropriation	\$437,000
TOTAL APPROPRIATION	(\$125,432,000)
.....	\$135,056,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$200,000 of the fire service training account--state appropriation is provided solely for two FTEs in the office of the state director of fire protection to exclusively review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this appropriation to provide these services only to those districts that are located in counties without qualified review capabilities.

(2) \$8,000,000 of the disaster response account--state appropriation is provided solely for Washington state fire service resource mobilization costs incurred in response to an emergency or disaster authorized under RCW 43.43.960 ~~(and)~~ through 43.43.964. The state patrol shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from this account. This work shall be done in coordination with the military department.

(3) \$400,000 of the fire service training account--state appropriation is provided solely for the firefighter apprenticeship training program.

(4) In accordance with RCW 43.43.742 the state patrol is authorized to increase the following fees in fiscal year ~~(2012)~~ 2013 as necessary to meet the actual costs of conducting business and the appropriation levels in this section: Notary service fee.

(5) \$59,000 of the fingerprint identification account--state appropriation is provided solely for implementation of Engrossed Second Substitute House Bill No. 1776 (child care center licensing). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(6) \$6,000 of the fingerprint identification account--state appropriation is provided solely for implementation of Engrossed Substitute House Bill No. 1494 (vulnerable adult referrals). If the

bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(7) \$1,000 of the fingerprint identification account--state appropriation is provided solely for implementation of Engrossed Senate Bill No. 6296 (background checks). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(End of part)

**PART XV
EDUCATION**

Sec. 1501. 2013 c 147 s 1 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

General Fund--State Appropriation (FY 2012)	\$25,322,000
General Fund--State Appropriation (FY 2013)	(\$27,133,000)
.....	\$27,383,000
General Fund--Federal Appropriation	(\$77,011,000)
.....	\$82,011,000
General Fund--Private/Local Appropriation.....	\$4,000,000
TOTAL APPROPRIATION	(\$133,466,000)
.....	\$138,716,000

The appropriations in this section are subject to the following conditions and limitations:

(1) A maximum of \$16,056,000 of the general fund--state appropriation for fiscal year 2012 and ~~(\$14,875,000)~~ \$15,116,000 of the general fund--state appropriation for fiscal year 2013 is for state agency operations.

(a) \$9,692,000 of the general fund--state appropriation for fiscal year 2012 and ~~(\$8,169,000)~~ \$8,160,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the operation and expenses of the office of the superintendent of public instruction.

(i) Within the amounts provided in this subsection (1)(a), the superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award.

(ii) By January 1, 2012, the office of the superintendent of public instruction shall issue a report to the legislature with a timeline and an estimate of costs for implementation of the common core standards. The report must incorporate feedback from an open public forum for recommendations to enhance the standards, particularly in math.

(iii) Within the amounts provided, and in consultation with the public school employees of Washington and the Washington school counselors' association, the office of the superintendent of public instruction shall develop a model policy that further defines the recommended roles and responsibilities of graduation coaches and identifies best practices for how graduation coaches work in coordination with school counselors and in the context of a comprehensive school guidance and counseling program.

(iv) The office of the superintendent of public instruction shall, no later than August 1, 2011, establish a standard statewide definition of unexcused absence. The definition shall be reported to the ways and means committees of the senate and house of representatives for legislative review in the 2012 legislative session. Beginning no later than January 1, 2012, districts shall report to the office of the superintendent of public instruction, daily student unexcused absence data by school.

(b) \$1,964,000 of the general fund--state appropriation for fiscal year 2012 and \$1,017,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for activities associated with the implementation of new school finance systems required by chapter 236, Laws of 2010 (K-12 education funding) and chapter

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548, Laws of 2009 (state's education system), including technical staff, systems reprogramming, and workgroup deliberations, including the quality education council and the data governance working group.

(c) \$851,000 of the general fund--state appropriation for fiscal year 2012 and \$851,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities.

(d) \$1,744,000 of the general fund--state appropriation for fiscal year 2012 and \$1,387,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to the professional educator standards board for the following:

(i) \$1,050,000 in fiscal year 2012 and \$1,050,000 in fiscal year 2013 are for the operation and expenses of the Washington professional educator standards board;

(ii) \$694,000 of the general fund--state appropriation for fiscal year 2012 and \$312,000 of the general fund--state appropriation for fiscal year 2013 are for conditional scholarship loans and mentor stipends provided through the alternative routes to certification program administered by the professional educator standards board, including the pipeline for paraeducators program and the retooling to teach conditional loan programs. Funding within this subsection (1)(d)(ii) is also provided for the recruiting Washington teachers program. Funding reductions in this subsection (1)(d)(ii) in the 2011-2013 fiscal biennium are intended to be one-time; and

(iii) \$25,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for the professional educator standards board to develop educator interpreter standards and identify interpreter assessments that are available to school districts. Interpreter assessments should meet the following criteria: (A) Include both written assessment and performance assessment; (B) be offered by a national organization of professional sign language interpreters and transliterators; and (C) be designed to assess performance in more than one sign system or sign language. The board shall establish a performance standard, defining what constitutes a minimum assessment result, for each educational interpreter assessment identified. The board shall publicize the standards and assessments for school district use.

(e) \$133,000 of the general fund--state appropriation for fiscal year 2012 and \$133,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the implementation of chapter 240, Laws of 2010, including staffing the office of equity and civil rights.

(f) \$50,000 of the general fund--state appropriation for fiscal year 2012 and \$50,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the ongoing work of the education opportunity gap oversight and accountability committee.

(g) \$45,000 of the general fund--state appropriation for fiscal year 2012 and \$45,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the implementation of chapter 380, Laws of 2009 (enacting the interstate compact on educational opportunity for military children).

(h) \$159,000 of the general fund--state appropriation for fiscal year 2012 and \$93,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the implementation of chapter 185, Laws of 2011 (bullying prevention), which requires the office of the superintendent of public instruction to convene an ongoing workgroup on school bullying and harassment prevention. Within the amounts provided, \$140,000 is for youth suicide prevention activities.

(i) \$1,227,000 of the general fund--state appropriation for fiscal year 2012 and \$1,227,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for implementing a comprehensive data system to include financial, student, and

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educator data, including development and maintenance of the comprehensive education data and research system (CEDARS).

(j) \$25,000 of the general fund--state appropriation for fiscal year 2012 and \$25,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for project citizen, a program sponsored by the national conference of state legislatures and the center for civic education to promote participation in government by middle school students.

(k) \$166,000 of the general fund--state appropriation for fiscal year 2012 is provided solely for the implementation of chapter 192, Laws of 2011 (school district insolvency). Funding is provided to develop a clear legal framework and process for dissolution of a school district.

(l) \$1,500,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for implementation of House Bill No. 2799 (collaborative schools). If such legislation is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(m) \$128,000 of the general fund--state appropriation for fiscal year 2013 is provided solely pursuant to Substitute House Bill No. 2254 (foster care outcomes). The office of the superintendent of public instruction shall report on the implementation of the state's plan of cross-system collaboration to promote educational stability and improve education outcomes of foster youth. The first report is due December 1, 2012, and annually thereafter through 2015. If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(n) \$250,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for implementation of House Bill No. 2337 (open K-12 education resources). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

(o) \$250,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for allocation to the office of the superintendent of public instruction to provide financial assistance to nonhigh school districts that are experiencing budgetary shortfalls due to a significant financial condition, including, but not limited to: Declining total enrollment; increased enrollment of students with special education needs; and debts owed to school districts serving the nonhigh school district's high school aged students. The financial assistance shall be in the form of a loan. The loan agreement shall:

(i) Include conditions, binding on the school district, designed to improve the district's financial condition;

(ii) Include a repayment schedule of no more than five years in length; and

(iii) Prohibit districts that receive loans under this subsection from using cash basis accounting.

(2) \$9,267,000 of the general fund--state appropriation for fiscal year 2012 and \$12,267,000 of the general fund--state appropriation for fiscal year 2013 are for statewide programs.

(a) HEALTH AND SAFETY

(i) \$2,541,000 of the general fund--state appropriation for fiscal year 2012 and \$2,541,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a corps of nurses located at educational service districts, as determined by the superintendent of public instruction, to be dispatched to the most needy schools to provide direct care to students, health education, and training for school staff.

(ii) \$50,000 of the general fund--state appropriation for fiscal year 2012 and \$50,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a nonviolence and leadership training program provided by the institute for community leadership.

(b) TECHNOLOGY

\$1,221,000 of the general fund--state appropriation for fiscal year 2012 and \$1,221,000 of the general fund--state appropriation

for fiscal year 2013 are provided solely for K-20 telecommunications network technical support in the K-12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. These funds may be used to purchase engineering and advanced technical support for the network.

(c) GRANTS AND ALLOCATIONS

(i) \$675,000 of the general fund--state appropriation for fiscal year 2012 and \$675,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the Washington state achievers scholarship program. The funds shall be used to support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars.

(ii) \$1,000,000 of the general fund--state appropriation for fiscal year 2012 and \$1,000,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for contracting with a college scholarship organization with expertise in conducting outreach to students concerning eligibility for the Washington college bound scholarship consistent with chapter 405, Laws of 2007.

(iii) \$2,808,000 of the general fund--state appropriation for fiscal year 2012 and \$2,808,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the dissemination of the navigation 101 curriculum to all districts. The funding shall support electronic student planning tools and software for analyzing the impact of navigation 101 on student performance, as well as grants to a maximum of one hundred school districts each year, based on progress and need for the implementation of the navigation 101 program. The implementation grants shall be awarded to a cross-section of school districts reflecting a balance of geographic and demographic characteristics. Within the amounts provided, the office of the superintendent of public instruction will create a navigation 101 accountability model to analyze the impact of the program.

(iv) \$337,000 of the general fund--state appropriation for fiscal year 2012 and \$337,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for implementation of the building bridges statewide program for comprehensive dropout prevention, intervention, and reengagement strategies.

(v) \$135,000 of the general fund--state appropriation for fiscal year 2012 and \$135,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for dropout prevention programs at the office of the superintendent of public instruction, including the jobs for America's graduates (JAG) program.

(vi) \$500,000 of the general fund--state appropriation for fiscal year 2012 and \$1,400,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the implementation of chapter 340, Laws of 2011 (assessment of students in state-funded full-day kindergarten classrooms), including the development and implementation of the Washington kindergarten inventory of developing skills (WaKIDS). Of the amounts in this subsection, \$1,000,000 of the fiscal year 2013 appropriation is for the implementation of House Bill No. 2586 (kindergarten inventory). If the bill is not enacted by June 30, 2012, this amount shall lapse.

(vii) \$2,000,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for an urban school turnaround initiative as follows:

(A) The office of the superintendent of public instruction shall select two schools in the largest urban school district in the state. The selected schools shall be among the state's lowest-performing schools; be located within the same community and form a continuum of education for the students in that community; have significant educational achievement gaps; and include a mix of elementary, middle, or high schools.

(B) The office shall allocate the funds under this subsection (2)(c)(vii) to the school district to be used exclusively in the selected schools. The district may not charge an overhead or indirect fee for the allocated funds or supplant other state, federal, or local funds in the selected schools. The school district shall use the funds for intensive supplemental instruction, services, and materials in the selected schools, including but not limited to professional development for school staff; updated curriculum, materials, and technology; extended learning opportunities for students; reduced class size; summer enrichment activities; school-based health clinics; and other research-based initiatives to dramatically turn around the performance and close the achievement gap in the schools. The office shall enter into an expenditure agreement with the school district under which any funds under this subsection (2)(c)(vii) remaining unspent on August 31, 2015, shall be returned to the state. Priorities for the expenditure of the funds shall be determined by the leadership and staff of each school.

(C) The office shall monitor the activities in the selected schools and the expenditure of funds to ensure the intent of this subsection (2)(c)(vii) is met, and submit a report to the legislature by December 1, 2013, including outcomes resulting from the urban school turnaround initiative. The report submitted to the legislature must include a comparison of student learning achievement in the selected schools with schools of comparable demographics that have not participated in the grant program.

(D) Funding provided in this subsection (2)(c)(vii) is intended to be one-time.

(viii) \$100,000 of the general fund--state appropriation for fiscal year 2013 is provided solely to subsidize advanced placement exam fees and international baccalaureate class fees and exam fees for low-income students. To be eligible for the subsidy, a student must be either enrolled or eligible to participate in the federal free or reduced price lunch program, and the student must have maximized the allowable federal contribution. The office of the superintendent of public instruction shall set the subsidy in an amount so that the advanced placement exam fee does not exceed \$15.00 and the combined class and exam fee for the international baccalaureate does not exceed \$14.50.

Sec. 1502. 2012 2nd sp.s. c 7 s 502 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT

General Fund--State Appropriation (FY 2012)	\$5,241,233,000
General Fund--State Appropriation (FY 2013) ...((\$5,170,854,000))	
.....	\$5,138,619,000
General Fund--Federal Appropriation	\$22,327,000
TOTAL APPROPRIATION	((\$10,434,414,000))
.....	\$10,402,179,000

The appropriations in this section are subject to the following conditions and limitations:

(1)(a) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b) For the 2011-12 and 2012-13 school years, the superintendent shall allocate general apportionment funding to school districts as provided in the funding formulas and salary schedules in sections 502 and 503 of this act, excluding (c) of this subsection.

(c) From July 1, 2011 to August 31, 2011, the superintendent shall allocate general apportionment funding to school districts programs as provided in sections 502 and 504, chapter 564, Laws of 2009, as amended through sections 1402 and 1403 of this act.

(d) The appropriations in this section include federal funds provided through section 101 of P.L. No. 111-226 (education jobs fund), which shall be used to support general apportionment program funding. In distributing general apportionment

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allocations under this section for the 2011-12 school year, the superintendent shall include the additional amount of \$3,327,000 allocated by the United States department of education on September 16, 2011, provided through 101 of P.L. No. 111-226 (education jobs fund) as part of each district's general apportionment allocation.

(e) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the fourth day of school in September and on the first school day of each month October through June, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. Any school district concluding its basic education program in May must report the enrollment of the last school day held in May in lieu of a June enrollment.

(2) CERTIFICATED INSTRUCTIONAL STAFF ALLOCATIONS

General education class size:

Grade	RCW 28A.150.260
Grades K-3	25.23
Grade 4	27.00
Grades 5-6	27.00
Grades 7-8	28.53
Grades 9-12	28.74

The superintendent shall base allocations for career and technical education (CTE) and skill center programs average class size as provided in RCW 28A.150.260.

(ii) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

General education class size in high poverty school:	
Grades K-3	24.10
Grade 4	27.00
Grades 5-6	27.00
Grades 7-8	28.53
Grades 9-12	28.74

(iii) Pursuant to RCW 28A.150.260(4)(a), the assumed teacher planning period, expressed as a percentage of a teacher work day, is 13.42 percent in grades K-6, and 16.67 percent in grades 7-12; and

(iv) Laboratory science, advanced placement, and international baccalaureate courses are funded at the same class size assumptions as general education schools in the same grade; and

(d)(i) Funding for teacher librarians, school nurses, social workers, school psychologists, and guidance counselors is allocated based on the school prototypes as provided in RCW 28A.150.260

Allocations for certificated instructional staff salaries for the 2011-12 and 2012-13 school years are determined using formula-generated staff units calculated pursuant to this subsection.

(a) Certificated instructional staff units, as defined in RCW 28A.150.410, shall be allocated to reflect the minimum class size allocations, requirements, and school prototypes assumptions as provided in RCW 28A.150.260. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent student enrollment in each grade.

(b) Additional certificated instructional staff units provided in this subsection (2) that exceed the minimum requirements in RCW 28A.150.260 are enhancements outside the program of basic education, except as otherwise provided in this section.

(c)(i) The superintendent shall base allocations for each level of prototypical school on the following regular education average class size of full-time equivalent students per teacher, except as provided in (c)(ii) of this subsection:

and is considered certificated instructional staff, except as provided in (d)(ii) of this subsection.

(ii) Students in approved career and technical education and skill center programs generate certificated instructional staff units to provide for the services of teacher librarians, school nurses, social workers, school psychologists, and guidance counselors at the following combined rate per 1000 students:

Career and Technical Education students.....	2.02 per 1000 student FTE's
Skill Center students	2.36 per 1000 student FTE's

(3) ADMINISTRATIVE STAFF ALLOCATIONS

(a) Allocations for school building-level certificated administrative staff salaries for the 2011-12 and 2012-13 school years for general education students are determined using the formula-generated staff units provided in RCW 28A.150.260, and adjusted based on a district's annual average full-time equivalent student enrollment in each grade.

(b) Students in approved career and technical education and skill center programs generate certificated school building-level administrator staff units at per student rates that exceed the general education rate in (a) of this subsection by the following percentages:
 Career and Technical Education students..... 2.5 percent
 Skill Center students 19.75 percent

(4) CLASSIFIED STAFF ALLOCATIONS

Allocations for classified staff units providing school building-level and district-wide support services for the 2011-12 and 2012-13 school years are determined using the formula-generated staff units provided in RCW 28A.150.260, and adjusted based on each district's annual average full-time equivalent student enrollment in each grade.

(5) CENTRAL OFFICE ALLOCATIONS

In addition to classified and administrative staff units allocated in subsections (3) and (4) of this section, classified and administrative staff units are provided for the 2011-12 and 2012-13 school year for the central office administrative costs of operating a school district, at the following rates:

(a) The total central office staff units provided in this subsection (5) are calculated by first multiplying the total number of eligible certificated instructional, certificated administrative, and classified staff units providing school-based or district-wide support services, as identified in RCW 28A.150.260(6)(b), by 5.3 percent.

(b) Of the central office staff units calculated in (a) of this subsection, 74.53 percent are allocated as classified staff units, as generated in subsection (4) of this section, and 25.47 percent shall be allocated as administrative staff units, as generated in subsection (3) of this section.

(c) Staff units generated as enhancements outside the program of basic education to the minimum requirements of RCW 28A.150.260, and staff units generated by skill center and career-technical students, are excluded from the total central office staff units calculation in (a) of this subsection.

(d) For students in approved career-technical and skill center programs, central office classified units are allocated at the same staff unit per student rate as those generated for general education students of the same grade in this subsection (5), and central office administrative staff units are allocated at staff unit per student rates that exceed the general education rate established for students in the same grade in this subsection (5) by 3.69 percent for career and technical education students, and 21.92 percent for skill center students.

(6) FRINGE BENEFIT ALLOCATIONS

Fringe benefit allocations shall be calculated at a rate of 16.33 percent in the 2011-12 school year and 16.34 percent in the 2012-13 school year for certificated salary allocations provided under subsections (2), (3), and (5) of this section, and a rate of 18.73 percent in the 2011-12 school year and 18.73 percent in the 2012-13 school year for classified salary allocations provided under subsections (4) and (5) of this section.

(7) INSURANCE BENEFIT ALLOCATIONS

Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504 of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsections (2), (3), and (5) of this section; and

(b) The number of classified staff units determined in subsections (4) and (5) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purposes of

distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(8) MATERIALS, SUPPLIES, AND OPERATING COSTS (MSOC) ALLOCATIONS

Funding is allocated per annual average full-time equivalent student for the materials, supplies, and operating costs (MSOC) incurred by school districts, consistent with the requirements of RCW 28A.150.260.

(a) MSOC funding for general education students are allocated at the following per student rates:

MSOC RATES/STUDENT FTE

MSOC Component	2011-12 SCHOOL YEAR	2012-13 SCHOOL YEAR
Technology	\$57.42	\$58.28
Utilities and Insurance	\$156.03	\$158.37
Curriculum and Textbooks	\$61.65	\$62.58
Other Supplies and Library Materials	\$130.89	\$132.85
Instructional Professional Development for Certificated and Classified Staff	\$9.53	\$9.68
Facilities Maintenance	\$77.30	\$78.46
Security and Central Office	\$53.55	\$54.35
TOTAL BASIC EDUCATION MSOC/STUDENT FTE	\$546.37	\$554.57

(b) Students in approved skill center programs generate per student FTE MSOC allocations which equal the rate for general education students calculated in (a) of this subsection, multiplied by a factor of 2.171.

(c) Students in approved exploratory and preparatory career and technical education programs generate a per student MSOC allocation that is equal to the rate for general education students calculated in (a) of this subsection, multiplied by a factor of 2.442.

(d) Students in laboratory science courses generate per student FTE MSOC allocations which equal the per student FTE rate for general education students established in (a) of this subsection.

(9) SUBSTITUTE TEACHER ALLOCATIONS

For the 2011-12 and 2012-13 school years, funding for substitute costs for classroom teachers is based on four (4) funded substitute days per classroom teacher unit generated under subsection (2) of this section, at a daily substitute rate of \$151.86.

(10) ALTERNATIVE LEARNING EXPERIENCE PROGRAM FUNDING

(a) Amounts provided in this section are adjusted to reflect provisions of House Bill No. 2065 (allocation of funding for funding for students enrolled in alternative learning experiences).

(b) The superintendent of public instruction shall require all districts receiving general apportionment funding for alternative learning experience (ALE) programs as defined in WAC 392-121-182 to provide separate financial accounting of expenditures for the ALE programs offered in district or with a provider, including but not limited to private companies and

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multidistrict cooperatives, as well as accurate, monthly headcount and FTE enrollment claimed for basic education, including separate counts of resident and nonresident students.

(11) VOLUNTARY FULL DAY KINDERGARTEN PROGRAMS

Funding in this section is sufficient to fund voluntary full day kindergarten programs in qualifying high poverty schools, pursuant to RCW 28A.150.220 and 28A.150.315. Each kindergarten student who enrolls for the voluntary full-day program in a qualifying school shall count as one-half of one full-time equivalent student for purpose of making allocations under this section. Funding in this section provides full-day kindergarten programs for 21 percent of kindergarten enrollment in the 2011-12 school year, and 22 percent in the 2012-13 school year. Funding priority shall be given to schools with the highest poverty levels, as measured by prior year free and reduced price lunch eligibility rates in each school. Funding in this section is sufficient to fund voluntary full day kindergarten programs for July and August of the 2010-11 school year.

(12) ADDITIONAL FUNDING FOR SMALL SCHOOL DISTRICTS AND REMOTE AND NECESSARY PLANTS

For small school districts and remote and necessary school plants within any district which have been judged to be remote and necessary by the superintendent of public instruction, additional staff units are provided to ensure a minimum level of staffing support. Additional administrative and certificated instructional staff units provided to districts in this subsection shall be reduced by the general education staff units, excluding career and technical education and skills center enhancement units, otherwise provided in subsections (2) through (5) of this section on a per district basis.

(a) For districts enrolling not more than twenty-five average annual full-time equivalent students in grades K-8, and for small school plants within any school district which have been judged to be remote and necessary by the superintendent of public instruction and enroll not more than twenty-five average annual full-time equivalent students in grades K-8:

(i) For those enrolling no students in grades 7 and 8, 1.76 certificated instructional staff units and 0.24 certificated administrative staff units for enrollment of not more than five students, plus one-twentieth of a certificated instructional staff unit for each additional student enrolled; and

(ii) For those enrolling students in grades 7 or 8, 1.68 certificated instructional staff units and 0.32 certificated administrative staff units for enrollment of not more than five students, plus one-tenth of a certificated instructional staff unit for each additional student enrolled;

(b) For specified enrollments in districts enrolling more than twenty-five but not more than one hundred average annual full-time equivalent students in grades K-8, and for small school plants within any school district which enroll more than twenty-five average annual full-time equivalent students in grades K-8 and have been judged to be remote and necessary by the superintendent of public instruction:

(i) For enrollment of up to sixty annual average full-time equivalent students in grades K-6, 2.76 certificated instructional staff units and 0.24 certificated administrative staff units; and

(ii) For enrollment of up to twenty annual average full-time equivalent students in grades 7 and 8, 0.92 certificated instructional staff units and 0.08 certificated administrative staff units;

(c) For districts operating no more than two high schools with enrollments of less than three hundred average annual full-time equivalent students, for enrollment in grades 9-12 in each such school, other than alternative schools, except as noted in this subsection:

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(i) For remote and necessary schools enrolling students in any grades 9-12 but no more than twenty-five average annual full-time equivalent students in grades K-12, four and one-half certificated instructional staff units and one-quarter of a certificated administrative staff unit;

(ii) For all other small high schools under this subsection, nine certificated instructional staff units and one-half of a certificated administrative staff unit for the first sixty average annual full-time equivalent students, and additional staff units based on a ratio of 0.8732 certificated instructional staff units and 0.1268 certificated administrative staff units per each additional forty-three and one-half average annual full-time equivalent students;

(iii) Districts receiving staff units under this subsection shall add students enrolled in a district alternative high school and any grades nine through twelve alternative learning experience programs with the small high school enrollment for calculations under this subsection;

(d) For each nonhigh school district having an enrollment of more than seventy annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-8 program or a grades 1-8 program, an additional one-half of a certificated instructional staff unit;

(e) For each nonhigh school district having an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-6 program or a grades 1-6 program, an additional one-half of a certificated instructional staff unit;

(f)(i) For enrollments generating certificated staff unit allocations under (a) through (e) of this subsection, one classified staff unit for each 2.94 certificated staff units allocated under such subsections;

(ii) For each nonhigh school district with an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit; and

(g) School districts receiving additional staff units to support small student enrollments and remote and necessary plants under subsection (12) of this section shall generate additional MSOC allocations consistent with the nonemployee related costs (NERC) allocation formula in place for the 2010-11 school year as provided section 502, chapter 37, Laws of 2010 1st sp. sess. (2010 supplemental budget), adjusted annually for inflation.

(13) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

(14) The superintendent may distribute funding for the following programs outside the basic education formula during fiscal years 2012 and 2013 as follows:

(a) \$589,000 of the general fund--state appropriation for fiscal year 2012 and \$598,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW.

(b) \$436,000 of the general fund--state appropriation for fiscal year 2012 and \$436,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to

exceed \$500 per full-time equivalent student enrolled in those programs.

(c) Funding in this section is sufficient to fund adjustments to school districts' allocations resulting from the implementation of the prototypical school funding formula, pursuant to chapter 236, Laws of 2010 (K-12 education funding). The funding in this section is intended to hold school districts harmless in total for funding changes resulting from conversion to the prototypical school formula in the general apportionment program, the learning assistance program, the transitional bilingual program, and the highly capable program, after adjustment for changes in enrollment and other caseload adjustments.

(15) \$208,000 of the general fund--state appropriation for fiscal year 2012 and \$211,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for school district emergencies as certified by the superintendent of public instruction. At the close of the fiscal year the superintendent of public instruction shall report to the office of financial management and the appropriate fiscal committees of the legislature on the allocations provided to districts and the nature of the emergency.

(16) Funding in this section is sufficient to fund a maximum of 1.6 FTE enrollment for skills center students pursuant to chapter 463, Laws of 2007.

(17) Beginning in the 2011-12 school year, students participating in running start programs may be funded up to a combined maximum enrollment of 1.2 FTE including school district and institution of higher education enrollment. In calculating the combined 1.2 FTE, the office of the superintendent of public instruction may average the participating student's September through June enrollment to account for differences in the start and end dates for courses provided by the high school and higher education institution. Additionally, the office of the superintendent of public instruction, in consultation with the state board for community and technical colleges, the ~~((higher education coordinating board))~~ student achievement council, and the education data center, shall annually track and report to the fiscal committees of the legislature on the combined FTE experience of students participating in the running start program, including course load analyses at both the high school and community and technical college system.

(18) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (12) of this section, the following apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection (12) of this section shall be reduced in increments of twenty percent per year.

(19)(a) Indirect cost charges by a school district to approved career and technical education middle and secondary programs shall not exceed 15 percent of the combined basic education and career and technical education program enhancement allocations of state funds. Middle and secondary career and technical education programs are considered separate programs for funding and financial reporting purposes under this section.

(b) Career and technical education program full-time equivalent enrollment shall be reported on the same monthly basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported career and technical education program enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support.

Sec. 1503. 2012 2nd sp.s. c 7 s 505 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PUPIL TRANSPORTATION

General Fund--State Appropriation (FY 2012)	\$322,243,000
General Fund--State Appropriation (FY 2013)	(\$273,642,000)
.....	\$273,893,000
TOTAL APPROPRIATION	(\$595,885,000)
.....	\$596,136,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2011-12 and 2012-13 school years, the superintendent shall allocate funding to school district programs for the transportation of students as provided in RCW 28A.160.192.

(b) From July 1, 2011 to August 31, 2011, the superintendent shall allocate funding to school districts programs for the transportation of students as provided in section 505, chapter 564, Laws of 2009, as amended through section 1404 of this act.

(3) Any amounts appropriated for maintenance level funding for pupil transportation that exceed actual maintenance level expenditures as calculated under the funding formula that takes effect September 1, 2011, shall be distributed to districts according to RCW 28A.160.192(2)(b).

(4) A maximum of \$892,000 of this fiscal year 2012 appropriation and a maximum of \$892,000 of the fiscal year 2013 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(5) The office of the superintendent of public instruction shall provide reimbursement funding to a school district for school bus purchases only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195.

(6) The superintendent of public instruction shall base depreciation payments for school district buses on the pre-sales tax five-year average of lowest bids in the appropriate category of bus. In the final year on the depreciation schedule, the depreciation payment shall be based on the lowest bid in the appropriate bus category for that school year.

(7) Funding levels in this section reflect waivers granted by the state board of education for four-day school weeks as allowed under RCW 28A.305.141.

(8) Starting with the 2012-13 school year, the office of the superintendent of public instruction shall disburse payments for bus depreciation in August.

Sec. 1504. 2011 2nd sp.s. c 9 s 506 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL FOOD SERVICE PROGRAMS

General Fund--State Appropriation (FY 2012)	\$7,111,000
General Fund--State Appropriation (FY 2013)	\$7,111,000
General Fund--Federal Appropriation	(\$436,400,000)
.....	\$506,000,000
TOTAL APPROPRIATION	(\$450,622,000)
.....	\$520,222,000

The appropriations in this section are subject to the following conditions and limitations:

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(1) \$7,111,000 of the general fund--state appropriation for fiscal year 2012 and \$7,111,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for state matching money for federal child nutrition programs, and may support the meals for kids program through the following allowable uses:

(a) Elimination of breakfast copays for eligible public school students and lunch copays for eligible public school students in grades kindergarten through third grade who are eligible for reduced price lunch;

(b) Assistance to school districts and authorized public and private nonprofit organizations for supporting summer food service programs, and initiating new summer food service programs in low-income areas;

(c) Reimbursements to school districts for school breakfasts served to students eligible for free and reduced price lunch, pursuant to chapter 287, Laws of 2005; and

(d) Assistance to school districts in initiating and expanding school breakfast programs.

The office of the superintendent of public instruction shall report annually to the fiscal committees of the legislature on annual expenditures in (a), (b), and (c) of this subsection.

Sec. 1505. 2012 2nd sp.s. c 7 s 506 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION PROGRAMS	
General Fund--State Appropriation (FY 2012)	\$648,369,000
General Fund--State Appropriation (FY 2013)	(\$679,832,000)
.....	\$659,913,000
General Fund--Federal Appropriation	(\$486,922,000)
.....	\$499,922,000
Education Legacy Trust Account--State Appropriation	\$756,000
TOTAL APPROPRIATION	(\$1,815,879,000)
.....	\$1,808,960,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter 28A.155 RCW through the general apportionment allocation, it shall provide services through the special education excess cost allocation funded in this section.

(2)(a) The superintendent of public instruction shall ensure that:

(i) Special education students are basic education students first;

(ii) As a class, special education students are entitled to the full basic education allocation; and

(iii) Special education students are basic education students for the entire school day.

(b) The superintendent of public instruction shall continue to implement the full cost method of excess cost accounting, as designed by the committee and recommended by the superintendent, pursuant to section 501(1)(k), chapter 372, Laws of 2006.

(c) Beginning with the 2010-11 school year award cycle, the office of the superintendent of public instruction shall make award determinations for state safety net funding in August of each school year. Determinations on school district eligibility for state safety net awards shall be based on analysis of actual expenditure data from the current school year.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4)(a) For the 2011-12 and 2012-13 school years, the superintendent shall allocate funding to school district programs for special education students as provided in RCW 28A.150.390.

(b) From July 1, 2011 to August 31, 2011, the superintendent shall allocate funding to school district programs for special education students as provided in section 507, chapter 564, Laws of 2009, as amended through section 1406 of this act.

(5) The following applies throughout this section: The definitions for enrollment and enrollment percent are as specified in RCW 28A.150.390(3). Each district's general fund--state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent.

(6) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with RCW 28A.150.390(3) (c) and (d), and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(7) \$8,914,000 of the general fund--state appropriation for fiscal year 2012, ~~(\$34,200,000)~~ \$9,469,000 of the general fund--state appropriation for fiscal year 2013, and ~~(\$29,574,000)~~ \$32,574,000 of the general fund--federal appropriation are provided solely for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (4) of this section. If the federal safety net awards based on the federal eligibility threshold exceed the federal appropriation in this subsection (7) in any fiscal year, the superintendent shall expend all available federal discretionary funds necessary to meet this need. At the conclusion of each school year, the superintendent shall recover safety net funds that were distributed prospectively but for which districts were not subsequently eligible.

(a) For the 2011-12 and 2012-13 school years, safety net funds shall be awarded by the state safety net oversight committee as provided in section 109(1) chapter 548, Laws of 2009 (ESHB 2261).

(b) From July 1, 2011 to August 31, 2011, the superintendent shall operate the safety net oversight committee and shall award safety net funds as provided in section 507, chapter 564, Laws of 2009, as amended through section 1406 of this act.

(8) A maximum of \$678,000 may be expended from the general fund--state appropriations to fund 5.43 full-time equivalent teachers and 2.1 full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(9) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high-cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(10) A school district may carry over from one year to the next year up to 10 percent of the general fund--state funds allocated under this program; however, carryover funds shall be expended in the special education program.

(11) \$251,000 of the general fund--state appropriation for fiscal year 2012 and \$251,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for two additional full-time equivalent staff to support the work of the safety net committee and to provide training and support to districts applying for safety net awards.

(12) \$50,000 of the general fund--state appropriation for fiscal year 2012, \$50,000 of the general fund--state appropriation for fiscal year 2013, and \$100,000 of the general fund--federal appropriation shall be expended to support a special education ombudsman program within the office of superintendent of public instruction.

Sec. 1506. 2012 2nd sp.s. c 7 s 507 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR EDUCATIONAL SERVICE DISTRICTS

General Fund--State Appropriation (FY 2012)	\$7,894,000
General Fund--State Appropriation (FY 2013)	(\$7,912,000)
.....	\$7,896,000
TOTAL APPROPRIATION	(\$15,806,000)
.....	\$15,790,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The educational service districts shall continue to furnish financial services required by the superintendent of public instruction and RCW 28A.310.190 (3) and (4).

(2) Funding within this section is provided for regional professional development related to mathematics and science curriculum and instructional strategies. Funding shall be distributed among the educational service districts in the same proportion as distributions in the 2007-2009 biennium. Each educational service district shall use this funding solely for salary and benefits for a certificated instructional staff with expertise in the appropriate subject matter and in professional development delivery, and for travel, materials, and other expenditures related to providing regional professional development support.

(3) The educational service districts, at the request of the state board of education pursuant to RCW 28A.310.010 and ~~((28A.310.349))~~ 28A.305.130, may receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and submit to the state board of education post-site visit recommendations for school accreditation. The educational service districts may assess a cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

Sec. 1507. 2012 2nd sp.s. c 7 s 508 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT ASSISTANCE

General Fund--State Appropriation (FY 2012)	\$300,768,000
General Fund--State Appropriation (FY 2013)	(\$298,166,000)
.....	\$299,537,000
General Fund--Federal Appropriation	\$4,400,000
TOTAL APPROPRIATION	(\$603,334,000)
.....	\$604,705,000

The appropriations in this section are subject to the following conditions and limitations: For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 3 percent from the 2010-11 school year to the 2011-12 school year and 5 percent from the 2011-12 school year to the 2012-13 school year.

Sec. 1508. 2012 2nd sp.s. c 7 s 509 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR INSTITUTIONAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2012)	\$16,694,000
General Fund--State Appropriation (FY 2013)	(\$15,867,000)
.....	\$14,547,000
TOTAL APPROPRIATION	(\$32,561,000)
.....	\$31,241,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund--state fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.

(3) State funding for each institutional education program shall be based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.

(4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.

(5) \$586,000 of the general fund--state appropriation for fiscal year 2012 and ~~((549,000))~~ \$899,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, programs for juveniles under the juvenile rehabilitation administration, and programs for juveniles operated by city and county jails.

(6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

Sec. 1509. 2012 2nd sp.s. c 7 s 510 (uncodified) is amended to read as follows:

FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS

General Fund--State Appropriation (FY 2012)	\$8,745,000
General Fund--State Appropriation (FY 2013)	(\$8,788,000)
.....	\$9,157,000
TOTAL APPROPRIATION	(\$17,533,000)
.....	\$17,902,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2011-12 and 2012-13 school years, the superintendent shall allocate funding to school district programs for highly capable students as provided in RCW 28A.150.260(10)(c). In calculating the allocations, the superintendent shall assume the following: (i) Additional instruction of 2.1590 hours per week per funded highly capable program student; (ii) fifteen highly capable program students per teacher; (iii) 36 instructional weeks per year; (iv) 900 instructional hours per teacher; and (v) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2011, to August 31, 2011, the superintendent shall allocate funding to school districts programs for highly capable students as provided in section 511, chapter 564, Laws of 2009, as amended through section 1409 of this act.

(3) \$85,000 of the general fund--state appropriation for fiscal year 2012 and \$85,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the centrum program at Fort Worden state park.

Sec. 1510. 2012 2nd sp.s. c 7 s 511 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--EDUCATION REFORM PROGRAMS

General Fund--State Appropriation (FY 2012)	\$58,078,000
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General Fund--State Appropriation (FY 2013)	(\$103,655,000)
.....	\$103,455,000
General Fund--Federal Appropriation	(\$219,147,000)
.....	\$221,147,000
General Fund--Private/Local Appropriation.....	\$4,000,000
Education Legacy Trust Account--State Appropriation ..	\$1,596,000
TOTAL APPROPRIATION	(\$386,476,000)
.....	\$388,276,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$40,822,000 of the general fund--state appropriation for fiscal year 2012, \$41,614,000 of the general fund--state appropriation for fiscal year 2013, \$1,350,000 of the education legacy trust account--state appropriation, and \$15,868,000 of the general fund--federal appropriation are provided solely for development and implementation of the Washington state assessment system, including: (a) Development and implementation of retake assessments for high school students who are not successful in one or more content areas and (b) development and implementation of alternative assessments or appeals procedures to implement the certificate of academic achievement. The superintendent of public instruction shall report quarterly on the progress on development and implementation of alternative assessments or appeals procedures. Within these amounts, the superintendent of public instruction shall contract for the early return of 10th grade student assessment results, on or around June 10th of each year. State funding shall be limited to one collection of evidence payment per student, per content-area assessment.

(2) \$356,000 of the general fund--state appropriation for fiscal year 2012 and \$356,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the Washington state leadership and assistance for science education reform (LASER) regional partnership activities coordinated at the Pacific science center, including instructional material purchases, teacher and principal professional development, and school and community engagement events.

(3) \$980,000 of the general fund--state appropriation for fiscal year 2012 and \$980,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for improving technology infrastructure, monitoring and reporting on school district technology development, promoting standards for school district technology, promoting statewide coordination and planning for technology development, and providing regional educational technology support centers, including state support activities, under chapter 28A.650 RCW.

(4) \$3,852,000 of the general fund--state appropriation for fiscal year 2012 and \$2,624,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for continued implementation of chapter 235, Laws of 2010 (education reform) including development of new performance-based evaluation systems for certificated educators.

(5)(a) \$39,296,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for the following bonuses for teachers who hold valid, unexpired certification from the national board for professional teaching standards and who are teaching in a Washington public school, subject to the following conditions and limitations:

(i) For national board certified teachers, a bonus of \$5,090 per teacher in the 2011-12 and 2012-13 school years, adjusted for inflation in each school year in which Initiative 732 cost of living adjustments are provided;

(ii) An additional \$5,000 annual bonus shall be paid to national board certified teachers who teach in either: (A) High schools where at least 50 percent of student headcount enrollment is eligible for federal free or reduced price lunch, (B) middle schools where at

least 60 percent of student headcount enrollment is eligible for federal free or reduced price lunch, or (C) elementary schools where at least 70 percent of student headcount enrollment is eligible for federal free or reduced price lunch;

(iii) The superintendent of public instruction shall adopt rules to ensure that national board certified teachers meet the qualifications for bonuses under (a)(ii) of this subsection for less than one full school year receive bonuses in a pro-rated manner. Beginning in the 2011-12 school year, all bonuses in (a)(i) and (ii) of this subsection will be paid in July of each school year. Bonuses in (a)(i) and (ii) of this subsection shall be reduced by a factor of 40 percent for first year NBPTS certified teachers, to reflect the portion of the instructional school year they are certified; and

(iv) During the 2011-12 and 2012-13 school years, and within available funds, certificated instructional staff who have met the eligibility requirements and have applied for certification from the national board for professional teaching standards may receive a conditional loan of two thousand dollars or the amount set by the office of the superintendent of public instruction to contribute toward the current assessment fee, not including the initial up-front candidacy payment. The fee shall be an advance on the first annual bonus under RCW 28A.405.415. The conditional loan is provided in addition to compensation received under a district's salary schedule and shall not be included in calculations of a district's average salary and associated salary limitation under RCW 28A.400.200. Recipients who fail to receive certification after three years are required to repay the conditional loan. The office of the superintendent of public instruction shall adopt rules to define the terms for initial grant of the assessment fee and repayment, including applicable fees. To the extent necessary, the superintendent may use revenues from the repayment of conditional loan scholarships to ensure payment of all national board bonus payments required by this section in each school year.

(6) \$477,000 of the general fund--state appropriation for fiscal year 2012 and \$477,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(7) \$950,000 of the general fund--state appropriation for fiscal year 2012 and \$950,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the Washington reading corps. The superintendent shall allocate reading corps members to low-performing schools and school districts that are implementing comprehensive, proven, research-based reading programs. Two or more schools may combine their Washington reading corps programs.

(8) \$810,000 of the general fund--state appropriation for fiscal year 2012 and \$810,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the development of a leadership academy for school principals and administrators. The superintendent of public instruction shall contract with an independent organization to design, field test, and implement a state-of-the-art education leadership academy that will be accessible throughout the state. Initial development of the content of the academy activities shall be supported by private funds. Semiannually the independent organization shall report on amounts committed by foundations and others to support the development and implementation of this program. Leadership academy partners shall include the state level organizations for school administrators and principals, the superintendent of public instruction, the professional educator standards board, and others as the independent organization shall identify.

(9) \$3,234,000 of the general fund--state appropriation for fiscal year 2012 and \$3,234,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for grants to school districts

to provide a continuum of care for children and families to help children become ready to learn. Grant proposals from school districts shall contain local plans designed collaboratively with community service providers. If a continuum of care program exists in the area in which the school district is located, the local plan shall provide for coordination with existing programs to the greatest extent possible.

(10) \$1,500,000 of the general fund--state appropriation for fiscal year 2012 and \$1,500,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the implementation of chapter 288, Laws of 2011 (actual student success program), including allocations to the opportunity internship program, the jobs for America's graduates program, the building bridges program, services provided by a college scholarship organization. Funding shall not be used in the 2011-2013 fiscal biennium to provide awards for schools and school districts.

(11) \$859,000 of the general fund--state appropriation for fiscal year 2012, \$808,000 of the general fund--state appropriation for fiscal year 2013, and \$248,000 of the education legacy trust account--state appropriation are for administrative support of education reform programs.

(12) \$2,000,000 of the general fund--state appropriation for fiscal year 2012 and \$2,000,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a statewide information technology (IT) academy program. This public-private partnership will provide educational software, as well as IT certification and software training opportunities for students and staff in public schools.

(13) \$977,000 of the general fund--state appropriation for fiscal year 2012 and \$1,077,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for secondary career and technical education grants pursuant to chapter 170, Laws of 2008. If equally matched by private donations, \$300,000 of the 2012 appropriation and \$300,000 of the 2013 appropriation shall be used to support FIRST robotics programs. Of the amounts in this subsection, \$100,000 of the fiscal year 2013 appropriation is provided solely for the purpose of statewide supervision activities for career and technical education student leadership organizations.

(14) \$125,000 of the general fund--state appropriation for fiscal year 2012 and \$125,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for (a) staff at the office of the superintendent of public instruction to coordinate and promote efforts to develop integrated math, science, technology, and engineering programs in schools and districts across the state; and (b) grants of \$2,500 to provide twenty middle and high school teachers each year with professional development training for implementing integrated math, science, technology, and engineering programs in their schools.

(15) \$135,000 of the general fund--state appropriation for fiscal year 2012 and \$135,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for science, technology, engineering and mathematics lighthouse projects, consistent with chapter 238, Laws of 2010.

(16) \$1,000,000 of the general fund--state appropriation for fiscal year 2012 and \$1,000,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for a beginning educator support program. School districts and/or regional consortia may apply for grant funding. The superintendent shall implement this program in 5 to 15 school districts and/or regional consortia. The program provided by a district and/or regional consortia shall include: A paid orientation; assignment of a qualified mentor; development of a professional growth plan for each beginning teacher aligned with professional certification; release time for mentors and new teachers to work together; and teacher observation time with accomplished peers.

\$250,000 may be used to provide statewide professional development opportunities for mentors and beginning educators.

(17) \$5,767,000 of the general fund--state appropriation for fiscal year 2013 is provided solely pursuant to Engrossed Substitute Senate Bill No. 5895 (certificated employee evaluations). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

~~((19))~~ (18) \$250,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for advanced project lead the way courses at ten high schools. To be eligible for funding, a high school must have offered a foundational project lead the way course during the 2011-12 school year. The funding must be used for one-time start-up course costs for an advanced project lead the way course, to be offered to students beginning in the 2012-13 school year. The office of the superintendent of public instruction and the education research and data center at the office of financial management shall track student participation and long-term outcome data.

~~((20))~~ (19) \$150,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for aerospace and manufacturing technical programs housed at two skill centers. The one-time funding is provided for start-up equipment and curriculum purchases. To be eligible for funding, the skill center must agree to provide regional high schools with access to a technology laboratory, expand manufacturing certificate and course offerings at the skill center, and provide a laboratory space for local high school teachers to engage in professional development in the instruction of courses leading to student employment certification in the aerospace and manufacturing industries. The office of the superintendent of public instruction shall administer the grants in consultation with the center for excellence for aerospace and advanced materials manufacturing.

~~((21))~~ (20) \$300,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for start-up grants to twelve high schools to implement the aerospace assembler program. Participating high schools must agree to offer the aerospace assembler training program to students by spring semester of school year 2012-13. The office of the superintendent of public instruction and the education research and data center at the office of financial management shall track student participation and long-term outcome data.

Sec. 1511. 2012 2nd sp.s. c 7 s 512 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL BILINGUAL PROGRAMS	
General Fund--State Appropriation (FY 2012)	\$79,575,000
General Fund--State Appropriation (FY 2013)	(\$80,666,000)
.....	\$84,101,000
General Fund--Federal Appropriation	\$71,001,000
TOTAL APPROPRIATION	(\$231,242,000)
.....	\$234,677,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2011-12 and 2012-13 school years, the superintendent shall allocate funding to school districts for transitional bilingual programs as provided in RCW 28A.150.260(10)(b). In calculating the allocations, the superintendent shall assume the following averages: (i) Additional instruction of 4.7780 hours per week per transitional bilingual program student; (ii) fifteen transitional bilingual program students per teacher; (iii) 36 instructional weeks per year; (iv) 900 instructional hours per teacher; and (v) the district's average staff

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mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2011, to August 31, 2011, the superintendent shall allocate funding to school districts for transitional bilingual instruction programs as provided in section 514, chapter 564, Laws of 2009, as amended through section 1411 of this act.

(c) The allocations in this section reflect the implementation of a new funding formula for the transitional bilingual instructional program, effective September 1, 2011, as specified in RCW 28A.150.260(10)(b).

(3) The superintendent may withhold allocations to school districts in subsection (2) of this section solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2) up to the following amounts: 2.79 percent for school year 2011-12 and 2.11 percent for school year 2012-13.

(4) The general fund--federal appropriation in this section is for migrant education under Title I Part C and English language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.

(5) In preparing its 2013-15 biennial budget request, the office of the superintendent of public instruction shall prepare for implementation of a funding model for the transitional bilingual program, beginning in school year 2013-14, that is scaled to provide more support to students requiring most intensive intervention, (students with beginning levels of English language proficiency) and less support to students requiring less intervention. The funding model shall also provide up to two years of bonus funding upon successful exit from the bilingual program to facilitate successful transition to a standard program of education.

\$35,000 of the general fund--state appropriation for fiscal year 2012 and \$35,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to track current and former transitional bilingual program students.

Sec. 1512. 2012 2nd sp.s. c 7 s 513 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2012)	\$102,619,000
General Fund--State Appropriation (FY 2013)	(\$128,779,000)
.....	\$127,447,000
General Fund--Federal Appropriation	(\$492,207,000)
.....	\$506,207,000
Education Legacy Trust Account--State	
Appropriation	\$23,990,000
TOTAL APPROPRIATION	(\$747,595,000)
.....	\$760,263,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The general fund--state appropriations in this section are subject to the following conditions and limitations:

(a) The appropriations include such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b)(i) For the 2011-12 and 2012-13 school years, the superintendent shall allocate funding to school districts for learning assistance programs as provided in RCW 28A.150.260(10)(a). In calculating the allocations, the superintendent shall assume the following averages: (A) Additional instruction of 1.51560 hours per week per funded learning assistance program student; (B) fifteen learning assistance program students per teacher; (C) 36 instructional weeks per year; (D) 900 instructional hours per teacher; and (E) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(ii) From July 1, 2011, to August 31, 2011, the superintendent shall allocate funding to school districts for learning assistance programs as provided in section 515, chapter 564, Laws of 2009, as amended through section 1412 of this act.

(c) A school district's funded students for the learning assistance program shall be the sum of the district's full-time equivalent enrollment in grades K-12 for the prior school year multiplied by the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch in the prior school year.

(2) Allocations made pursuant to subsection (1) of this section shall be adjusted to reflect ineligible applications identified through the annual income verification process required by the national school lunch program, as recommended in the report of the state auditor on the learning assistance program dated February, 2010.

(3) The general fund--federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.

(4) A school district may carry over from one year to the next up to 10 percent of the general fund-state or education legacy trust funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.

(5) The office of the superintendent of public instruction shall research and recommend options for an adjustment factor for middle school and high school free and reduced price lunch eligibility reporting rates pursuant to RCW 28A.150.260(12)(a), and submit a report to the fiscal committees of the legislature by June 1, 2012. For the 2011-12 and 2012-13 school years, the adjustment factor is 1.0.

Sec. 1513. 2012 2nd sp.s. c 7 s 514 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

(1) Amounts distributed to districts by the superintendent through part V of this act are for allocations purposes only and do not entitle a particular district, district employee, or student to a specific service, beyond what has been expressly provided in statute. Part V of this act restates the requirements of various sections of Title 28A RCW. If any conflict exists, the provisions of Title 28A RCW control unless this act explicitly states that it is providing an enhancement. Any amounts provided in part V of this act in excess of the amounts required by Title 28A RCW provided in statute, are not within the program of basic education.

(2) To the maximum extent practicable, when adopting new or revised rules or policies relating to the administration of allocations in part V of this act that result in fiscal impact, the office of the superintendent of public instruction shall attempt to seek legislative approval through the budget request process.

(3) Appropriations made in this act to the office of the superintendent of public instruction shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act except as expressly provided in subsection (4) of this section.

(4) The appropriations to the office of the superintendent of public instruction in this act shall be expended for the programs and amounts specified in this act. However, after May 1, ~~(2012))~~ 2013, unless specifically prohibited by this act and after approval by the director of financial management, the superintendent of public instruction may transfer state general fund appropriations for fiscal year ~~(2012))~~ 2013 among the following programs to meet the apportionment schedule for a specified formula in another of these programs: General apportionment; employee compensation adjustments; pupil transportation; special education programs; institutional education programs; transitional bilingual programs; highly capable; and learning assistance programs.

(5) The director of financial management shall notify the appropriate legislative fiscal committees in writing prior to

approving any allotment modifications or transfers under this section.

(End of part)

**PART XVI
HIGHER EDUCATION**

Sec. 1601. 2012 2nd sp.s. c 7 s 602 (uncodified) is amended to read as follows:

FOR THE UNIVERSITY OF WASHINGTON

General Fund--State Appropriation (FY 2012)	\$201,226,000
General Fund--State Appropriation (FY 2013)	\$201,612,000
Education Legacy Trust Account--State Appropriation	\$18,579,000
Economic Development Strategic Reserve Account--	
State Appropriation	\$1,500,000
Biotoxin Account--State Appropriation.....	(\$450,000)
.....	\$350,000
Accident Account--State Appropriation	\$6,681,000
Medical Aid Account--State Appropriation	\$6,488,000
TOTAL APPROPRIATION	(\$436,536,000)
.....	\$436,436,000

The appropriations in this section are subject to the following conditions and limitations:

(1) In implementing the appropriations in this section, the president and regents shall seek to minimize impacts on student services and instructional programs by maximizing reductions in administration and other noninstructional activities.

(2) \$150,000 of the general fund--state appropriation for fiscal year 2012 and \$150,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the development of integrated medical curriculum for the Washington/Wyoming/Alaska/Montana/Idaho (WWAMI) medical education program in Spokane and eastern Washington. Funding is contingent on appropriations being provided to Washington State University for WWAMI program expansion in Spokane and eastern Washington.

(3) \$52,000 of the general fund--state appropriation for fiscal year 2012 and \$52,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the center for international trade in forest products in the college of forest resources.

(4) \$88,000 of the general fund--state appropriation for fiscal year 2012 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5485 (state's natural resources). If the bill is not enacted by June 30, 2011, the amount provided in this subsection shall lapse.

(5) \$143,000 of the general fund--state appropriation for fiscal year 2012 and \$144,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the ongoing management of the Washington park arboretum.

(6) \$3,800,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for an expansion in engineering enrollments, including enrollments in the field of computer science. Amounts provided in this subsection may be used only to cover direct costs of instruction associated with this enrollment expansion. By June 30, 2012, the university shall provide a report to the legislature that provides specific detail on how these amounts will be spent. Each September 1st thereafter, the university shall provide an updated report that provides specific detail on how these amounts were spent in the preceding twelve months.

(7) Amounts appropriated in this section are sufficient for the university to conduct a comprehensive review of its tuition waiver policies. The resulting report shall include an overview of tuition waiver uses and costs (forgone revenue) and outcomes and any recommendations for changes to tuition waiver policy and shall be provided to the legislature no later than December 1, 2012.

(8) \$610,000 of the general fund--state appropriation for fiscal year 2012 is provided solely to expand health sciences capacity at the University of Washington for Washington, Wyoming, Alaska, Montana, Idaho (WWAMI) and \$190,000 of the general fund--state appropriation for fiscal year 2012 is provided solely to expand health sciences capacity at the University of Washington for Regional Initiatives in Dental Education (RIDE) for the WWAMI-RIDE program expansion to achieve full ramp-up of first-year medical students and dental students each year of the four-year programs.

(9) The University of Washington shall not use funds appropriated in this section to support intercollegiate athletics programs.

(10) Amounts appropriated in this section are sufficient to cover the costs associated with the implementation of Engrossed Substitute Senate Bill No. 6486 (collective bargaining for post-doctoral researchers).

Sec. 1602. 2012 2nd sp.s. c 7 s 613 (uncodified) is amended to read as follows:

FOR THE STUDENT ACHIEVEMENT COUNCIL--OFFICE OF STUDENT FINANCIAL ASSISTANCE

General Fund--State Appropriation (FY 2013)	(\$247,034,000)
.....	\$212,034,000
General Fund--Federal Appropriation	\$5,812,000
Washington Opportunity Pathways Account--State	
Appropriation	(\$73,500,000)
.....	\$108,500,000
Aerospace Training Student Loan Account--State	
Appropriation	\$12,000
TOTAL APPROPRIATION	(\$326,346,000)
.....	\$326,358,000

The appropriations in this section are subject to the following conditions and limitations:

(1) (~~(\$237,018,000)~~) \$202,018,000 of the general fund--state appropriation for fiscal year 2013, and (~~(\$73,500,000)~~) \$108,500,000 of the opportunity pathways account--state appropriation are provided solely for student financial aid payments under the state need grant and the state work study programs including up to a four percent administrative allowance for the state work study program.

(2) Within the funds appropriated in this section, eligibility for the state need grant shall include students with family incomes at or below 70 percent of the state median family income (MFI), adjusted for family size, and shall include students enrolled in three to five credit-bearing quarter credits, or the equivalent semester credits. The higher education coordinating board shall report to the legislature by December 1, 2013, regarding the number of students enrolled in three to five credit-bearing quarter credits, or the equivalent semester credits, and their academic progress including degree completion. Awards for all students shall be adjusted by the estimated amount by which Pell grant increases exceed projected increases in the noninstructional costs of attendance. Awards for students with incomes between 51 and 70 percent of the state median shall be prorated at the following percentages of the award amount granted to those with incomes below 51 percent of the MFI: 70 percent for students with family incomes between 51 and 55 percent MFI; 65 percent for students with family incomes between 56 and 60 percent MFI; 60 percent for students with family incomes between 61 and 65 percent MFI; and 50 percent for students with family incomes between 66 and 70 percent MFI.

(3) \$1,250,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for implementation of the aerospace training scholarship and student loan program as specified in Engrossed Substitute House Bill No. 1846 (aerospace student loans). If the bill is not enacted by June 30, 2012, the amount provided in this subsection shall lapse.

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(4) For fiscal year 2013, the board shall defer loan or conditional scholarship repayments to the future teachers conditional scholarship and loan repayment program for up to one year for each participant if the participant has shown evidence of efforts to find a teaching job but has been unable to secure a teaching job per the requirements of the program.

(5) \$1,000,000 of the education legacy trust account--state appropriation is provided solely for the gaining early awareness and readiness for undergraduate programs project.

(6) \$1,500,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for the leadership 1000 program.

(7) \$2,436,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for the passport to college program. The maximum scholarship award shall be \$5,000. The board shall contract with a nonprofit organization to provide support services to increase student completion in their postsecondary program and shall, under this contract, provide a minimum of \$500,000 in fiscal year 2013 for this purpose.

(8) In addition to the entities listed in RCW 28B.122.010, the aerospace student loan program may provide loans to students attending an aerospace training program at Renton technical college.

(9) The office of student financial assistance and the department of health shall prioritize a portion of any nonfederal balances in the health professional loan repayment and scholarship fund for conditional loan repayment contracts with psychiatrists and with advanced registered nurse practitioners for work at one of the state-operated psychiatric hospitals. The office and department shall designate the state hospitals as health professional shortage areas if necessary for this purpose. The office of student financial assistance shall coordinate with the department of social and health services to effectively incorporate these conditional loan repayments into the department's advanced psychiatric professional recruitment and retention strategies.

(10) \$50,000 of the amount provided in this section shall be used to convene the higher education loan program work group. The work group shall develop methods for funding the loan program in the future, as well as recommendations regarding the best loan program structure for providing financial aid to underserved populations. The work group shall seek out technical advice from the housing finance commission. At a minimum, the recommendations regarding the proposed loan program must take into account the following: Whether students could benefit from the creation of a new student loan program; the relationship between the student loan program and the state need grant program and the state need grant qualified student population; mechanisms to achieve interest rates that are below those offered in federally guaranteed and private bank student loans; sources of initial and on-going funding for loans and program operation; and default risks, reserve requirements, and other conditions required for the student loan program. The work group shall provide a report to the legislature no later than December 1, 2012.

Sec. 1603. 2012 2nd sp.s. c 7 s 615 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF EARLY LEARNING

General Fund--State Appropriation (FY 2012)	\$25,497,000
General Fund--State Appropriation (FY 2013)	(\$27,190,000)
.....	\$26,658,000
General Fund--Federal Appropriation	\$280,619,000
Children's Trust Account--State Appropriation	\$142,000
Opportunity Pathways Account--State Appropriation...	\$78,000,000
Home Visiting Services Account--Federal Appropriation	\$300,000
TOTAL APPROPRIATION	(\$411,606,000)
.....	\$411,216,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$16,028,000 of the general fund--state appropriation for fiscal year 2012, \$18,028,000 of the general fund--state appropriation of fiscal year 2013, \$78,000,000 of the opportunity pathways account appropriation, and \$2,256,000 of the general fund--federal appropriation are provided solely for the early childhood education assistance program services. Of these amounts, \$10,284,000 is a portion of the biennial amount of state maintenance of effort dollars required to receive federal child care and development fund grant dollars.

(2) In accordance to RCW 43.215.255(2) and 43.135.055, the department is authorized to increase child care center and child care family home licensure fees in fiscal years 2012 and 2013 for costs to the department for the licensure activity, including costs of necessary inspection. These increases are necessary to support expenditures authorized in this section.

(3) \$64,000 of the general fund--state appropriation for fiscal year 2012, \$638,000 of the general fund--state appropriation for fiscal year 2013, and \$574,000 of the general fund--federal appropriation are provided solely for child care resource and referral network services.

(4) \$200,000 of the general fund--state appropriation for fiscal year 2012 and \$200,000 of the general fund--state appropriation for fiscal year 2013 are provided solely to develop and provide culturally relevant supports for parents, family, and other caregivers.

(5) The department is the lead agency for and recipient of the federal child care and development fund grant. Amounts within this grant shall be used to fund child care licensing, quality initiatives, agency administration, and other costs associated with child care subsidies. The department shall transfer a portion of this grant to the department of social and health services to fund the child care subsidies paid by the department of social and health services on behalf of the department of early learning.

(6) The appropriations in this section reflect reductions in the appropriations for the department's administrative expenses. It is the intent of the legislature that these reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or program.

(7) \$934,000 of the general fund--state appropriation for fiscal year 2012, \$934,000 of the general fund--state appropriation for fiscal year 2013, and \$2,400,000 of the general fund--federal appropriation are provided solely for expenditure into the home visiting services account. This funding is intended to meet federal maintenance of effort requirements and to secure private matching funds.

(a) All federal funds received by the department for home visiting activities must be deposited into the home visiting services account.

(b) The department must consult with stakeholders during the development of the Washington home visiting plan and any future proposals for federal funding.

(c) No more than \$300,000 of the home visiting services account--federal appropriation may be expended for program administration for fiscal year 2013 pursuant to RCW 43.215.130. No other funds may be expended for that purpose.

(8)(a) \$153,558,000 of the general fund--federal appropriation is provided solely for the working connections child care program under RCW 43.215.135.

(b) In addition to groups that were given prioritized access to the working connections child care program effective March 1, 2011, the department shall also give prioritized access into the program to families in which a parent of a child in care is a minor who is not

living with a parent or guardian and who is a full-time student in a high school that has a school-sponsored on-site child care center.

(9)(a) \$50,000 of the general fund--state appropriation for fiscal year 2012 and ~~(\$1,050,000)~~ \$329,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for implementation and administration of an electronic benefit transfer system. The system shall include electronic time keeping, integrated with an eligibility information technology system, and an electronic payment system. The department shall coordinate implementation of this system with the department of social and health services.

(b) \$100,000 of the general fund--state appropriation in this subsection is provided solely for the department to contract for an independent consultant to evaluate and recommend the optimum system for the eligibility determination process. The evaluation must include an analysis of lean management processes that, if adopted, could improve the cost effectiveness and delivery of eligibility determination. The department shall coordinate with the department of social and health services for this evaluation. The department must report to the office of financial management and the appropriate fiscal and policy committees of the legislature by December 1, 2012.

(10) Within available amounts, the department in consultation with the office of financial management and the department of social and health services shall report quarterly enrollments and active caseload for the working connections child care program to the legislative fiscal committees and the legislative-executive WorkFirst oversight task force. The report shall also identify the number of cases participating in both temporary assistance for needy families and working connections child care.

(11) \$1,025,000 of the general fund--state appropriation for fiscal year 2013 and \$6,712,000 of the general fund--federal appropriation are provided solely for the seasonal child care program in fiscal year 2013.

(12) \$2,522,000 of the general fund--state appropriation for fiscal year 2012, \$2,522,000 of the general fund--state appropriation for fiscal year 2013, and \$4,304,000 of the general fund--federal appropriation are provided solely for the medicaid treatment child care (MTCC) program. The department shall contract for MTCC services to provide therapeutic child care and other specialized treatment services to abused, neglected, at-risk, and/or drug-affected children. Priority for services shall be given to children referred from the department of social and health services children's administration. In addition to referrals made by children's administration, the department shall authorize services for children referred to the MTCC program, as long as the children meet the eligibility requirements as outlined in the Washington state plan for the MTCC program. Of the amounts appropriated in this subsection, \$60,000 per fiscal year may be used by the department for administering the MTCC program, if needed.

(13)(a) The department shall establish a birth-to-three subcommittee of the early learning advisory council. The subcommittee will be cochaired by the department and nongovernmental private-public partnership created in RCW 43.215.070. The subcommittee shall include at least one representative from each of the following:

- (i) The early learning advisory council;
- (ii) The office of the superintendent of public instruction;
- (iii) The department of social and health services;
- (iv) The department of early learning;
- (v) The nongovernmental private-public partnership created in RCW 43.215.070;
- (vi) The early learning action alliance; and
- (vii) Additional stakeholders with expertise in birth-to-three policy and programs and quality child care, as designated by the early learning advisory council.

(b) The subcommittee may convene advisory subgroups on specific topics as necessary to assure participation and input from a broad array of diverse stakeholders.

(c) The subcommittee shall be monitored and overseen by the early learning advisory council created in RCW 43.215.090.

(d) The subcommittee shall develop a birth-to-three implementation proposal, which shall include further development of the Washington state birth-to-three plan.

(e) The subcommittee must include recommendations on the following in its birth-to-three proposal:

- (i) Eligibility criteria for providers and programs;
- (ii) The level of funding necessary to implement birth-to-three programs, including an option which makes available funding equivalent to thirty percent of the funding provided for the program of early learning established in RCW 43.215.141;
- (iii) Options for funding sources for birth-to-three programs;
- (iv) Governance responsibilities for the department of early learning; and
- (v) A timeline for implementation that is concurrent with the expansion to the early learning program outlined in RCW 43.215.142.

The subcommittee must present its recommendations to the early learning advisory council and the appropriate committees of the legislature by December 1, 2012.

(14) \$300,000 of the general fund--federal appropriation is provided solely for a contract with a nonprofit entity experienced in the provision of promoting early literacy for children through pediatric office visits.

Sec. 1604. 2012 2nd sp.s. c 7 s 616 (uncodified) is amended to read as follows:

FOR THE STATE SCHOOL FOR THE BLIND

General Fund--State Appropriation (FY 2012)	\$5,776,000
General Fund--State Appropriation (FY 2013)	(\$5,671,000)
.....	\$5,691,000
TOTAL APPROPRIATION	(\$11,447,000)
.....	\$11,467,000

Sec. 1605. 2012 2nd sp.s. c 7 s 617 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS

General Fund--State Appropriation (FY 2012)	\$8,439,000
General Fund--State Appropriation (FY 2013)	(\$8,335,000)
.....	\$8,431,000
TOTAL APPROPRIATION	(\$16,774,000)
.....	\$16,870,000

(End of part)

**PART XVII
SPECIAL APPROPRIATIONS**

Sec. 1701. 2012 2nd sp.s. c 7 s 701 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR DEBT SUBJECT TO THE DEBT LIMIT

General Fund--State Appropriation (FY 2012)	\$911,643,000
General Fund--State Appropriation (FY 2013)	(\$949,349,000)
.....	\$1,171,965,000
State Building Construction Account--State Appropriation	(\$3,866,000)
.....	\$5,016,000
Columbia River Basin Water Supply Development Account--State Appropriation	(\$121,000)
.....	\$220,000

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Hood Canal Aquatic Rehabilitation Bond Account--State	
Appropriation	(\$4,000)
.....	\$5,000
State Taxable Building Construction Account--State	
Appropriation	(\$90,000)
.....	\$71,000
Gardner-Evans Higher Education Construction	
Account--State Appropriation.....	(\$13,000)
.....	\$23,000
Debt-Limit Reimbursable Bond Retire Account--State	
Appropriation	\$2,300,000
TOTAL APPROPRIATION	(\$1,867,386,000)
.....	\$2,091,243,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriations are for expenditure into the debt-limit general fund bond retirement account. The entire general fund--state appropriation for fiscal year 2012 shall be expended into the debt-limit general fund bond retirement account by June 30, 2012.

Sec. 1702. 2012 2nd sp.s. c 7 s 702 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED AS PRESCRIBED BY STATUTE

General Fund--State Appropriation (FY 2012)	\$27,400,000
General Fund--State Appropriation (FY 2013)	\$30,572,000
Nondebt-Limit Reimbursable Bond Retirement	
Account--State Appropriation.....	(\$140,128,000)
.....	\$137,290,000
TOTAL APPROPRIATION	(\$198,100,000)
.....	\$195,262,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriation is for expenditure into the nondebt-limit general fund bond retirement account. The entire general fund--state appropriation for fiscal year 2012 shall be expended into the nondebt-limit general fund bond retirement account by June 30, 2012.

Sec. 1703. 2011 2nd sp.s. c 9 s 703 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES

General Fund--State Appropriation (FY 2012)	\$1,357,000
General Fund--State Appropriation (FY 2013)	(\$1,357,000)
.....	\$616,000
State Building Construction Account--State	
Appropriation	(\$356,000)
.....	\$761,000
Columbia River Basin Water Supply Development	
Account--State Appropriation.....	\$21,000
Hood Canal Aquatic Rehabilitation Bond Account--State	
Appropriation	\$1,000
State Taxable Building Construction Account--State	
Appropriation	(\$25,000)
.....	\$31,000
Gardner-Evans Higher Education Construction	
Account--State Appropriation.....	(\$2,000)
.....	\$3,000
TOTAL APPROPRIATION	(\$3,119,000)
.....	\$2,790,000

NEW SECTION. Sec. 1704. A new section is added to 2011 1st sp.s. c 50 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--EXTRAORDINARY CRIMINAL JUSTICE COSTS

General Fund--State Appropriation (FY 2013)\$728,000

The appropriation in this section is subject to the following conditions and limitations: The director of financial management shall distribute \$545,000 to Grant county and \$183,000 to Yakima county for extraordinary criminal justice costs.

Sec. 1705. 2012 2nd sp.s. c 7 s 707 (uncodified) is amended to read as follows:

FOR SUNDRY CLAIMS

The following sums, or so much thereof as may be necessary, are appropriated from the general fund for fiscal year 2012 or fiscal year 2013, unless otherwise indicated, for relief of various individuals, firms, and corporations for sundry claims. These appropriations are to be disbursed on vouchers approved by the director of financial management, except as otherwise provided, for reimbursement of criminal defendants acquitted on the basis of self-defense, pursuant to RCW 9A.16.110, as follows:

- (1) Clint L. Powell, Jr., claim number 99970048.....\$58,155.10
- (2) Chance L. Hawkins, claim number 99970049\$28,838.95
- (3) Edgar L. Hawkins, claim number 99970050.....\$25,507.00
- (4) James Abbott, claim number 99970051
- (5) Richard Frisk, claim number 99970052
- (6) Brian Barnd-Spjut, claim number 99970053.....\$122,821.79
- (7) Dwijen Buckendorf, claim number 99970059
- (8) Todd Chism, claim number 99970061
- (9) James Glasco, claim number 99970062
- (10) David Holtzclaw, claim number 99970057.....\$15,154.52
- (11) Gary Richey, claim number 99970063.....\$9,020.00
- (12) Shelly Porter, claim number 99970054
- (13) Yakov Topik, claim number 99970047.....\$28,500.00
- (14) Luther Wallace, claim number 99970060
- (15) Mark Fenton, claim number 99970064
- (16) Reid Woods, claim number 99970065
- (17) James Daniel Emmett, claim number 99970067
- (18) Matthew Collet, claim number 99970068
- (19) Michael Otto, claim number SCJ-2008-12.....\$4,250.00

(End of part)

PART XVIII OTHER TRANSFERS AND APPROPRIATIONS

Sec. 1801. 2012 2nd sp.s. c 7 s 801 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--STATE REVENUES FOR DISTRIBUTION

General Fund Appropriation for fire insurance	
premium distributions	(\$8,289,000)
.....	\$7,773,000
General Fund Appropriation for public utility	
district excise tax distributions	(\$44,078,000)
.....	\$49,883,000
General Fund Appropriation for prosecuting	
attorney distributions.....	(\$6,281,000)
.....	\$5,804,000
General Fund Appropriation for boating safety	
and education distributions.....	\$4,000,000
General Fund Appropriation for other tax distributions ..	(\$58,000)
.....	\$63,000
General Fund Appropriation for habitat conservation	
program distributions	\$3,000,000
Death Investigations Account Appropriation for	
distribution to counties for publicly funded	

autopsies	\$2,960,000
Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution	\$160,000
Timber Tax Distribution Account Appropriation for distribution to "timber" counties	(\$58,229,000)
.....	\$61,983,000
County Criminal Justice Assistance Appropriation	(\$69,566,000)
.....	\$69,532,000
Municipal Criminal Justice Assistance Appropriation	(\$26,843,000)
.....	\$26,833,000
City-County Assistance Account Appropriation for local government financial assistance distribution	(\$12,159,000)
.....	\$14,922,000
Liquor Excise Tax Account Appropriation for liquor excise tax distribution	(\$25,617,000)
.....	\$25,889,000
Streamlined Sales and Use Tax Mitigation Account Appropriation for distribution to local taxing jurisdictions to mitigate the unintended revenue redistribution effect of the sourcing law changes	\$49,309,000
Columbia River Water Delivery Account Appropriation for the Confederated Tribes of the Colville Reservation	(\$7,478,000)
.....	\$7,481,000
Columbia River Water Delivery Account Appropriation for the Spokane Tribe of Indians	(\$4,794,000)
.....	\$4,795,000
Liquor Revolving Account Appropriation for liquor profits distribution	(\$85,132,000)
.....	\$96,456,000
TOTAL APPROPRIATION	(\$407,953,000)
.....	\$426,843,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

Sec. 1802. 2012 2nd sp.s. c 7 s 802 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--FOR THE COUNTY CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driver Safety Account Appropriation	(\$2,439,000)
.....	\$2,422,000

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2011-2013 fiscal biennium in accordance with RCW 82.14.310. This funding is provided to counties for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

Sec. 1803. 2012 2nd sp.s. c 7 s 803 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--MUNICIPAL CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driver Safety Account Appropriation	(\$1,626,000)
.....	\$1,615,000

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2011-2013 biennium to all

cities ratably based on population as last determined by the office of financial management. The distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), shall be made to the county in which the city is located. This funding is provided to cities for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

Sec. 1804. 2011 1st sp.s. c 50 s 804 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--FEDERAL REVENUES FOR DISTRIBUTION

General Fund Appropriation for federal flood control funds distribution	(\$74,000)
.....	\$52,000
General Fund Appropriation for federal grazing fees distribution	(\$2,430,000)
.....	\$1,747,000
Forest Reserve Fund Appropriation for federal forest reserve fund distribution	(\$29,175,000)
.....	\$39,776,000
OTAL APPROPRIATION	(\$31,679,000)
.....	\$41,575,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

Sec. 1805. 2012 2nd sp.s. c 7 s 804 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--TRANSFERS

State Treasurer's Service Account: For transfer to the state general fund, \$16,300,000 for fiscal year 2012 and	
.....	(\$24,800,000)
\$26,600,000 for fiscal year 2013	(\$41,100,000)
.....	\$42,900,000

Waste Reduction, Recycling, and Litter Control Account: For transfer to the state general fund, \$4,847,000 for fiscal year 2012 and \$4,847,000 for fiscal year 2013	\$9,694,000
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Aquatics Lands Enhancement Account: For transfer to the state general fund, \$3,500,000 for fiscal year 2012 and \$3,500,000 for fiscal year 2013	\$7,000,000
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Savings Incentive Account: For transfer to the state general fund, \$44,618,000 for fiscal year 2012	\$44,618,000
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Distinguished Professorship Trust Fund: For transfer to the state general fund for fiscal year 2012, an amount not to exceed the actual cash balance of the fund	\$3,024,000
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Washington Graduate Fellowship Trust Fund: For transfer to the state general fund for fiscal year 2012, an amount not to exceed the actual cash balance of the fund	\$1,028,000
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College Faculty Awards Trust Fund: For transfer to the state general fund for fiscal year 2012, an amount not to exceed the actual cash balance of the fund	\$1,996,000
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Data Processing Revolving Account: For transfer to the state general fund, \$5,960,000 for fiscal year 2012	\$5,960,000
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Drinking Water Assistance Account: For transfer to the drinking water assistance repayment account ...\$38,000,000

Economic Development Strategic Reserve Account: For transfer to the state general fund, \$2,100,000 for fiscal year 2012 and \$2,100,000 for fiscal year 2013\$4,200,000

General Fund: For transfer to the streamlined sales and use tax account, \$24,520,000 for fiscal year 2012 and \$24,789,000 for fiscal year 2013\$49,309,000

Public Works Assistance Account: For transfer to the water pollution control revolving account, \$7,750,000 for fiscal year 2012 and \$7,750,000 for fiscal year 2013\$15,500,000

The Charitable, Educational, Penal, and Reformatory Institutions Account: For transfer to the state general fund, \$4,500,000 for fiscal year 2012 and \$4,500,000 for fiscal year 2013\$9,000,000

Thurston County Capital Facilities Account: For transfer to the state general fund, \$4,000,000 for fiscal year 2012 and \$4,000,000 for fiscal year 2013\$8,000,000

Public Works Assistance Account: For transfer to the drinking water assistance account, \$10,000,000 for fiscal year 2012 and \$5,000,000 for fiscal year 2013\$15,000,000

Liquor Control Board Construction and Maintenance Account: For transfer to the state general fund, \$500,000 for fiscal year 2012\$500,000

Education Savings Account: For transfer to the state general fund, \$54,431,000 for fiscal year 2012\$54,431,000

Department of Retirement Systems Expense Account: For transfer to the state general fund, \$2,330,000 for fiscal year 2012 and \$4,330,000 for fiscal year 2013\$6,660,000

Education Construction Account: For transfer to the state general fund, \$102,000,000 for fiscal year 2012 and \$102,000,000 for fiscal year 2013\$204,000,000

Public Works Assistance Account: For transfer to the state general fund, \$40,000,000 for fiscal year 2012 and \$40,000,000 for fiscal year 2013\$80,000,000

Foster Care Endowed Scholarship Trust Fund: For transfer to the state general fund, \$200,000 for fiscal year 2012 and \$200,000 for fiscal year 2013\$400,000

Affordable Housing For All Account: For transfer to the home security fund, \$1,000,000 for fiscal year 2012 and \$1,000,000 for fiscal year 2013\$2,000,000

Tobacco Settlement Account: For transfer to the state general fund, in an amount not to exceed the actual amount of the annual base payment to the tobacco settlement account\$158,205,000

Tobacco Settlement Account: For transfer to the basic health plan stabilization account from the amounts deposited in the account that are attributable to the annual strategic contribution payment received in fiscal year 2012\$22,000,000

Tobacco Settlement Account: For transfer to the basic health plan stabilization account from the amounts deposited in the account that are attributable to the annual strategic contribution payment received in fiscal year 2013\$22,000,000

Tobacco Settlement Account: For transfer to the life sciences discovery fund, in an amount not to exceed

the actual remaining amount of the annual strategic contribution payment to the tobacco settlement account for fiscal year 2012.....\$6,000,000

Tobacco Settlement Account: For transfer to the life sciences discovery fund, in an amount not to exceed the actual remaining amount of the annual strategic contribution payment to the tobacco settlement account for fiscal year 2013\$6,000,000

The transfer to the life sciences discovery fund is subject to the following conditions: All new grants awarded during the 2011-2013 fiscal biennium shall support and accelerate the commercialization of an identifiable product.

Financial Services Regulation Fund: For transfer to the state general fund, \$4,000,000 for fiscal year 2012\$4,000,000

State Nursery Revolving Account: For transfer to the state general fund, \$250,000 for fiscal year 2012 and \$250,000 for fiscal year 2013\$500,000

Washington State Heritage Center Account: For transfer to the state general fund, \$2,000,000 for fiscal year 2013\$2,000,000

Local Toxics Control Account: For transfer to the state toxics control account, \$15,000,000 for fiscal year 2012 and \$16,000,000 for fiscal year 2013\$31,000,000

Coastal Protection Account: For transfer to the state general fund, \$500,000 for fiscal year 2012 and \$500,000 for fiscal year 2013\$1,000,000

Multimodal Transportation Account--State: For transfer to the Public Transportation Grant Program Account for the purposes of distributions of \$3,000,000 on each of the last working days of December, March, and June in fiscal year 2013\$9,000,000

Aquatic Lands Enhancement Account: For transfer to the marine resources stewardship trust account, \$2,100,000 for fiscal year 2013\$2,100,000

(End of part)

**PART XIX
MISCELLANEOUS**

Sec. 1901. 2011 1st sp.s. c 41 s 3 (uncodified) is amended to read as follows:

Upon implementation of the expansion directed in RCW 74.09.659, the office of financial management shall reduce general fund--state allotments for the medical assistance program by one million five hundred thousand dollars for fiscal year 2012 (~~and by two million three hundred fifty thousand dollars for fiscal year 2013~~). The amounts reduced from allotments shall be placed in reserve status and remain unexpended.

Sec. 1902. RCW 74.09.215 and 2012 c 241 s 103 are each amended to read as follows:

The medicaid fraud penalty account is created in the state treasury. All receipts from civil penalties collected under RCW 74.09.210, all receipts received under judgments or settlements that originated under a filing under the federal false claims act, and all receipts received under judgments or settlements that originated under the state medicaid fraud false claims act, chapter 74.66 RCW must be deposited into the account. Moneys in the account may be spent only after appropriation and must be used only for medicaid services, fraud detection and prevention activities, recovery of improper payments, and for other medicaid fraud enforcement activities. For the 2011-2013 fiscal biennium, moneys in the account may be spent on inpatient and outpatient rebasing.

NEW SECTION. Sec. 1903. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 1904. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately; except for section 952 of this act which takes effect August 1, 2013, section 968 of this act which takes effect June 30, 2013; sections 978 and 996 of this act which take effect July 28, 2013; and sections 991 and 992 of this act which take effect July 1, 2013.

NEW SECTION. Sec. 1905. Section 957 of this act expires August 1, 2018.

NEW SECTION. Sec. 1906. Section 984 of this act expires June 30, 2016.

(End of Bill)

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WORK FORCE TRAINING AND EDUCATION
COORDINATING BOARD 195"

MOTION

Senator Smith moved that the following amendment by Senator Smith and others to the striking amendment be adopted.

On page 50, line 16, increase the General Fund State appropriation for FY 2014 by \$9,815,000

On page 50, line 17, increase the General Fund State appropriation for FY 2015 by \$40,903,000

On page 50, line 18, decrease the General Fund Federal appropriation by \$74,627,000

On page 58, line 33, increase the General Fund State appropriation for FY 2014 by \$224,000

On page 58, line 34, increase the General Fund State appropriation for FY 2015 by \$364,000

On page 58, line 35, decrease the General Fund Federal appropriation by \$1,172,000

On page 61, line 23, increase the General Fund State appropriation for FY 2014 by \$3,483,000

On page 61, line 24, increase the General Fund State appropriation for FY 2015 by \$8,636,000

On page 61, line 25, decrease the General Fund Federal appropriation by \$17,685,000

On page 71, line 5, increase the General Fund State appropriation for FY 2014 by \$3,504,000

On page 71, line 6, increase the General Fund State appropriation for FY 2015 by \$10,232,000

On page 71, line 7, decrease the General Fund Federal appropriation by \$76,469,000

On page 76, line 19, increase the General Fund State appropriation for FY 2014 by \$72,872,000

On page 76, line 20, increase the General Fund State appropriation for FY 2015 by \$189,597,000

On page 76, line 21, decrease the General Fund Federal appropriation by \$1,143,994,000

On page 94, line 18, increase the General Fund State appropriation for FY 2014 by \$347,000

On page 94, increase the General Fund State appropriation for FY 2015 by \$693,000

On page 97, line 8, increase the General Fund State appropriation for FY 2014 by \$2,608,000

On page 97, line 9, increase the General Fund State appropriation for FY 2014 by \$5,754,000

On page 97, line 10, increase the General Fund Federal appropriation by \$130,000

On page 104, line 16, increase the General Fund State appropriation for FY 2014 by \$723,000

On page 104, line 17, increase the General Fund State appropriation for FY 2014 by \$1,446,000

Adjust total appropriations accordingly in all sections

On page 50, line 23, after "(a)" strike "\$104,999,000" and insert "\$109,342,000"

On page 50, line 24, after "and" strike "\$85,895,000" and insert "\$109,341,000"

On page 50, after line 35, strike all material down through and including line 12 on page 36

On page 53, after line 21, strike all of subsection (1)(k)

On page 55, line 1, strike all of subsection (1)(p)

On page 76, after line 34, strike all of subsection (1) and insert the following:

"(1) No moneys appropriated in this act may be used to implement medicaid expansion as defined in the social security act, section 1902(a)(10)(A)(i)(VIII)."

On page 77, after line 15, strike all of subsection (2)

On page 86, after line 10, strike all of subsection (30)

On page 88, after line 32, strike all of subsection (44)

Senators Smith, Brown, Padden, Holmquist Newbry, Ericksen and Baumgartner spoke in favor of adoption of the amendment to the striking amendment.

Senators Keiser, Murray and Frockt spoke against adoption of the amendment to the striking amendment.

Senator Smith demanded a roll call.

The President declared that one-sixth of the members supported the demand and the demand was sustained.

The President declared the question before the Senate to be the adoption of the amendment by Senator Smith and others on page 50, line 16 to the striking amendment to Second Engrossed Substitute Senate Bill No. 5034.

ROLL CALL

The Secretary called the roll on the adoption of the amendment by Senator Smith and the amendment to the striking amendment was not adopted by the following vote: Yeas, 16; Nays, 32; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Benton, Braun, Brown, Ericksen, Hewitt, Holmquist Newbry, Honeyford, King, Padden, Parlette, Rivers, Roach, Sheldon and Smith

Voting nay: Senators Becker, Billig, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hill, Hobbs, Keiser, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Pearson, Ranker, Rolfes, Schlicher, Schoesler, Shin and Tom

Excused: Senator Kline

MOTION

Senator Smith moved that the following amendment by Senator Smith to the striking amendment be adopted:

On page 120, after line 10 of the amendment, insert the following:

"(12) \$480,000 of the general fund--state appropriation for fiscal year 2014, \$480,000 of the general fund--state appropriation for fiscal year 2015, and \$3,900,000 of the state toxics control account--state appropriation are provided solely for the department's water quality program, subject to the conditions and limitations specified in this subsection. Within these amounts, the department shall compile and evaluate all available information on fish consumption in Washington state and present such information to the legislature. This information shall consider whether the fish came from Washington waters, how salmon are incorporated into the consumption rate, and a comparison of regional versus statewide fish consumption rates. The department will also consider relevant studies from Lake Roosevelt and the Columbia river, including related bio-concentration studies. The department will present this information and the status of the rule-making process to the appropriate committees of the 2014 legislature by January 31, 2014, prior to issuing a draft rule to update the water quality standards. The University of Washington shall conduct a study of fish consumption rates within the general population. The study shall identify fish consumption rates and dietary habits, and their distribution in regions and various ethnic groups representative of the state population. The study shall at a minimum include: (a) Average body weight, age, gender, and ethnicity; (b) residence and geographic location; (c) the identification by species of finfish and shellfish consumed, including whether the fish is a marine,

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freshwater, or anadromous species; (d) the source of the finfish and shellfish consumed, in particular whether the fish was raised and landed in Washington waters; (e) the body part(s) of finfish and shellfish consumed; and (f) the preparation and cooking methods used. This study shall be completed no later than July 1, 2014. All of this information shall be considered and incorporated in the final rule adoption under chapter 173-201A WAC."

Senator Smith spoke in favor of adoption of the amendment to the striking amendment.

WITHDRAWAL OF AMENDMENT

On motion of Senator Smith, the amendment by Senator Smith on page 120, line 10 to the striking amendment to Second Engrossed Substitute Senate Bill No. 5034 was withdrawn.

MOTION

Senator Ericksen moved that the following amendment by Senator Ericksen to the striking amendment be adopted:

On page 120, after line 10 of the amendment, insert the following:

"(12) \$480,000 of the general fund--state appropriation for fiscal year 2014 and \$480,000 of the general fund--state appropriation for fiscal year 2015, and \$3,900,000 of the state toxics control account--state appropriation are provided solely for the department's water quality program, subject to the conditions and limitations specified in this subsection. Within these amounts, the department shall compile and evaluate all available information on fish consumption in Washington state and elsewhere and present such information to the legislature. This information shall consider whether the fish came from Washington waters or elsewhere, whether and how various fish species are incorporated into the consumption rate, and a comparison of regional versus statewide fish consumption rates. The department will also consider relevant studies from Lake Roosevelt and the Columbia river, including related bio-concentration studies. This information must be considered in rule-making activity to revise the human health criteria for the water quality standards for surface water in chapter 173-201A WAC. The department will present this information and the status of the rule-making process to the appropriate committees of the 2014 legislature by January 31, 2014, prior to issuing a draft rule to update the water quality standards. \$1,600,000 of the state toxics control account--state appropriation is provided solely for the University of Washington school of public health to conduct a study of fish consumption rates within the general population. The study shall characterize fish consumption rates and dietary habits, and their distribution in regions and ethnic groups representative of the state population. The study shall at a minimum include: (a) Body weight, age, gender, and ethnicity; (b) residence and geographic location; (c) the identification by species of fin fish and shellfish consumed, including whether the fish is a marine, freshwater, or anadromous species; (d) the source of the fin fish and shellfish consumed, in particular where the fish was raised and landed; (e) the body parts of fin fish and shellfish consumed; and (f) the preparation and cooking methods used. This study shall be completed no later than January 31, 2015. This study must be completed, considered, and addressed prior to the department's issuance of any draft rule to update water quality standards and in any final rule. No more than thirty percent of the amount provided in this subsection may be used to fund university indirect and administrative expenses."

WITHDRAWAL OF AMENDMENT

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On motion of Senator Ericksen, the amendment by Senator Ericksen on page 120, line 10 to the striking amendment to Second Engrossed Substitute Senate Bill No. 5034 was withdrawn.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Hill and Hargrove to Second Engrossed Substitute Senate Bill No. 5034.

The motion by Senator Hill carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "matters;" strike the remainder of the title and insert "amending RCW 2.68.020, 2.28.170, 2.28.170, 13.40.466, 18.43.150, 18.85.061, 19.28.351, 28A.500.020, 28B.15.069, 28B.20.476, 28B.67.030, 28B.95.160, 28B.105.110, 28C.04.535, 28C.10.082, 38.52.540, 41.06.280, 41.06.280, 41.26.802, 43.08.190, 43.09.475, 43.10.150, 43.19.791, 43.24.150, 43.24.150, 43.79.445, 43.79.480, 43.82.010, 43.101.200, 43.155.050, 46.66.080, 46.68.340, 67.70.190, 70.42.090, 70.93.180, 70.96A.350, 70.105D.--, 70.105D.070, 70.148.020, 74.09.215, 74.13.621, 74.09.215, 77.12.201, 77.12.203, 79.64.020, 79.64.040, 82.08.160, 82.14.310, 86.26.007, and 74.09.215; reenacting and amending RCW 28B.15.067, 41.60.050, 41.80.010, 41.80.020, 43.325.040, 71.24.310, and 79.105.150; amending 2013 c 147 s 1 (uncodified); amending 2013 c 306 ss 517, 518, and 519; amending 2012 2nd sp.s. c 7 ss 111, 112, 114, 115, 118, 121, 127, 129, 131, 132, 136, 139, 142, 144, 149, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 216, 218, 219, 220, 221, 222, 303, 307, 308, 402, 502, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 602, 613, 615, 616, 617, 701, 702, 707, 801, 802, 803, and 804 (uncodified); amending 2011 2nd sp.s. c 9 ss 506 and 703 (uncodified); amending 2011 1st sp.s. c 50 s 804 (uncodified); amending 2011 1st sp.s. c 41 s 3 (uncodified); adding a new section to 2011 1st sp.s. c 50 (uncodified); creating new sections; making appropriations; providing effective dates; providing expiration dates; and declaring an emergency."

MOTION

On motion of Senator Hill, the rules were suspended, Third Engrossed Substitute Senate Bill No. 5034 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Hill, Hargrove, Schoesler, Benton, Kohl-Welles, Rolfes, Baumgartner, Ranker, Tom, Nelson and Parlette spoke in favor of passage of the bill.

Senator McAuliffe spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Third Engrossed Substitute Senate Bill No. 5034.

ROLL CALL

The Secretary called the roll on the final passage of Third Engrossed Substitute Senate Bill No. 5034 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 4; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford,

Keiser, King, Kohl-Welles, Litzow, Mullet, Murray, Nelson, O'Ban, Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schlicher, Schoesler, Sheldon, Shin and Tom

Voting nay: Senators Hasegawa, McAuliffe, Padden and Smith

Excused: Senator Kline

THIRD ENGROSSED SUBSTITUTE SENATE BILL NO. 5034, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Fain, Third Engrossed Substitute Senate Bill No. 5034 was immediately transmitted to the House of Representatives.

MOTION

On motion of Senator Fain, the Senate reverted to the sixth order of business.

SECOND READING

SENATE BILL NO. 5367, by Senators Honeyford, Hatfield, King, Nelson, Delvin and Shin

Concerning Yakima river basin water resource management.

MOTION

On motion of Senator Honeyford, Second Substitute Senate Bill No. 5367 was substituted for Senate Bill No. 5367 and the second substitute bill was placed on the second reading and read the second time.

MOTION

Senator Hasegawa moved that the following amendment by Senator Hasegawa be adopted:

On page 31, after line 36, insert the following:

"NEW SECTION. Sec. 17. FINDINGS--INTENT. (1) The legislature finds that there are significant public infrastructure needs of the state that are unmet, and that the level of unmet need has been exacerbated by the economic downturn. The legislature further finds that there are opportunities to use the state's depository assets to generate additional benefit for the people and the economy of the state. Therefore, the legislature intends to create the Washington investment trust as a legacy institution that amasses sufficient capital reserves to address opportunities now and in the future.

(2) The legislature intends that the investment trust may:

(a) Facilitate investment in, and financing of, public infrastructure systems that will increase public health, safety, and quality of life, improve environmental conditions, and promote community vitality and economic growth; and

(b) Leverage Washington's financial capital and resources, and work in partnership with financial institutions, community-based organizations, economic development organizations, guaranty agencies, and other stakeholder groups.

(3) The mission of the trust is to use Washington's depository assets in ways that afford most efficient use of taxpayer revenues and public resources for the benefit of the people and economy of the state. The legislature intends for the trust to apply business strategies to manage taxpayer revenues while concurrently meeting identified needs and strategic opportunities across the state. In

achieving its purpose of improving public infrastructure, the legislature intends for the trust to adhere to the following priorities:

- (a) Institutional safety and soundness;
- (b) Long-term viability;
- (c) Social return and monetary return on investments;
- (d) Prudent and best banking and business practices;
- (e) Highest ethical, accountability, and transparency standards;

and

- (f) Insulation from political influence.

NEW SECTION. Sec. 18. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the advisory board of the Washington investment trust.

(2) "Commission" means the Washington investment trust commission.

(3) "Department" means the department of financial institutions.

(4) "Director" means the director of the department of financial institutions.

(5) "Public infrastructure system" means a system of a local government or political subdivision, a special purpose district, a public school district, an institution of higher education as defined in RCW 28B.10.016, a federally recognized Indian tribe, or the state, including but not limited to a system involving: Wastewater treatment; storm water management; solid waste disposal; drinking water treatment; flood control levees; energy efficiency enhancements; roads, streets, and bridges; transportation infrastructure, including freight rail and transit; broadband and telecommunications infrastructure; outdoor recreation and habitat protection facilities; community, social service, or public safety facilities; schools and educational facilities; and affordable housing as defined in RCW 43.63A.510.

(6) "State moneys" has the same meaning as in RCW 43.85.200.

(7) "Treasurer" means the treasurer of the state of Washington.

(8) "Trust" means the Washington investment trust.

NEW SECTION. Sec. 19. CREATION. The Washington investment trust is created.

NEW SECTION. Sec. 20. COMMISSION. (1) The Washington investment trust commission is created as the primary governing authority of the trust. The commission shall consist of the governor, the lieutenant governor, the secretary of state, the attorney general, the state treasurer, the superintendent of public instruction, and the commissioner of public lands.

(2) The commission may adopt rules regarding the:

(a) Safety and soundness standards of the trust;

(b) Transparency requirements for trust operations;

(c) Ethics and conflict of interest requirements for the commission, the board, and officers and employees of the trust, including rules to ensure that they perform their functions in compliance with chapter 42.52 RCW; and

(d) Other topics as needed for efficient administration of the trust.

(3) The commission shall commence trust operations by July 1, 2014.

(4) The commission may delegate to the trust president such duties and powers as deemed necessary to carry on the business of the trust and enforce this chapter efficiently and effectively. The commission may not delegate its rule-making or policy-making authority.

(5) The commission may adopt policies and procedures for its own governance.

(6) The commission may establish technical advisory committees or consult with public and private sector experts in

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substantive areas related to the trust's mission, objectives, and duties.

NEW SECTION. Sec. 21. TRANSITION BOARD. (1)(a) The trust transition board is established, with members as provided in this subsection.

(i) The president of the senate shall appoint one member from each of the two largest caucuses of the senate.

(ii) The speaker of the house of representatives shall appoint one member from each of the two largest caucuses of the house of representatives.

(iii) The president of the senate and the speaker of the house of representatives jointly shall appoint seven citizen members with a background in financial issues.

(b) The president of the senate and the speaker of the house of representatives jointly shall select the chair from among the citizen membership. The chair shall convene the initial meeting of the trust transition board within forty-five days after the effective date of this section.

(2) The trust transition board shall develop and recommend the following to the commission within the timeline established by the commission:

(a) A start-up business plan for the trust that includes plans and timelines for functions that are new and functions transitioning to the trust that were previously performed by another entity;

(b) Initial capital requirements of the trust;

(c) Options for capitalizing the trust including but not limited to: Federal transportation funds, Taft-Hartley trust funds, revenue bond proceeds, state reserves, and other core capital reserves not needed for liquidity; and

(d) Other items requested by the commission in order to commence trust operations by July 1, 2014.

(3) Legislative members of the trust transition board must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for expenses incurred in the discharge of their duties under chapter 43--- RCW (the new chapter created in section 42 of this act) in accordance with RCW 43.03.050 and 43.03.060.

(4) The trust transition board may appoint an interim president and other necessary staff who are exempt from the provisions of chapter 41.06 RCW, and who serve at the board's pleasure on such terms and conditions as the board determines but subject to chapter 42.52 RCW. The department must provide technical assistance to the trust transition board. The board may also contract with additional persons who have specific technical expertise if the expertise is necessary to carry out the requirements of this section.

(5) This section expires July 1, 2014.

NEW SECTION. Sec. 22. DEPOSIT OF PUBLIC FUNDS.

(1)(a) The trust may serve as the depository for state moneys and federal transportation funds once the trust has built sufficient capacity to accept and manage state moneys and federal transportation funds, as determined by the commission. The commission shall establish a process and time frame for the deposit of state moneys and federal transportation funds into the trust. In determining whether the trust has built sufficient capacity, the commission shall consider the minimum leverage capital requirements specified in 12 C.F.R. Sec. 325.3 (2012).

(b) The treasurer and local government agencies shall deposit state moneys and federal transportation funds in the trust in accordance with the time frame and guidelines determined by the commission under this subsection.

(2) All deposits in the trust are guaranteed by the state rather than insured by the federal deposit insurance corporation.

(3) All income earned by the trust on state moneys or federal transportation funds that are deposited in or invested with the trust

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constitute income of the trust and must be credited to the trust except as otherwise required by law.

(4) The trust may accept deposits of public funds, but is exempt from the requirements of chapter 39.58 RCW.

(5) The trust may accept funds from any public source, including federal funds or other public funds.

(6) The commission shall review state accounts that contain public funds that are not state moneys, and make recommendations to the governor and the appropriate committees of the legislature as to which accounts should be deposited in the trust.

(7)(a) Administrative and strategic planning expenses of the trust are funded from the earnings of the trust, subject to legislative authorization, and from any other appropriations provided by the legislature.

(b) The commission shall establish a separate administrative account within the trust from which its administrative and strategic planning costs must be funded. In each biennial operating budget, the legislature shall authorize the commission to incur a maximum expenditure from the administrative account.

(c) In an amount not to exceed the authorized expenditures, the commission shall proportionally allocate interest earnings from accounts and moneys under its management and shall transfer this amount to the administrative fund. This transfer shall precede the distribution of remaining earnings under applicable statutes.

(d) The trust shall deposit in the general fund any interest earnings that exceed the total of those necessary to make required distributions and those necessary for the continued sound operation of the trust as determined by the commission.

NEW SECTION. Sec. 23. INVESTMENT OF STATE MONEYS. The commission and the state treasurer shall jointly determine the amount of funds necessary to meet the operational needs of state government. The state treasurer retains authority to manage and invest the amount of funds necessary to meet the operational needs of state government. The trust may invest state moneys deposited in the trust that are not reasonably expected to be necessary to meet the short or intermediate-term liquidity needs of the state.

NEW SECTION. Sec. 24. FEDERAL RESERVE SYSTEM MEMBERSHIP. The trust may become a member of the federal reserve system.

NEW SECTION. Sec. 25. INFRASTRUCTURE FUNDING. The trust is authorized to manage and invest state moneys in order to facilitate investment in, and financing of, construction, rehabilitation, replacement, and improvement of new and existing public infrastructure systems. By November 1, 2013, the commission must present an implementation plan and any necessary legislation to the governor and appropriate legislative committees, that:

(1) Identifies any existing accounts in the state treasury associated with state infrastructure programs that the trust recommends be transferred under its umbrella, and the steps and timelines for the transitions;

(2) Identifies additional infrastructure funding that the trust recommends be sought and secured under its umbrella, and the steps and timelines required; and

(3) Demonstrates how the trust plans to maximize revenues and public benefit.

NEW SECTION. Sec. 26. LEGISLATIVE AND STATE AGENCIES AUTHORITIES. Nothing in this chapter affects:

(1) The ability of the legislature to appropriate from public accounts managed by the trust, including the ability to place any conditions or limitations on those appropriations; or

(2) After the legislature appropriates moneys from public accounts managed by the trust, the use of those moneys by the state agencies receiving the appropriations.

NEW SECTION. Sec. 27. MANAGEMENT. (1) The commission shall appoint a trust president. The president is exempt from the provisions of chapter 41.06 RCW. The president shall serve at the commission's pleasure, on such terms and conditions as the commission determines, but subject to chapter 42.52 RCW.

(2) The president shall provide support to the commission and the advisory board, carry out trust policies and programs, and exercise additional authority as may be delegated by the commission.

(3) Subject to available funding and consistent with commission direction, the trust president:

(a) May employ such additional personnel as are necessary to the bank's operations. This employment shall be in accordance with the state civil service law, chapter 41.06 RCW; and

(b) May contract with persons who have the technical expertise needed to carry out a specific, time-limited project.

NEW SECTION. Sec. 28. ADVISORY BOARD. (1)(a) An investment trust advisory board consisting of eleven members is created to review the trust's operations and make recommendations relating to the trust's management, services, policies, and procedures.

(b) The governor shall appoint members of the advisory board, subject to confirmation by the senate. The members of the advisory board must represent a diversity of experience relevant to activities of the trust. Six or more of the members must have expertise in finance. Advisory board members serve at the pleasure of the governor.

(c) The board shall choose its chair from among its membership.

(2) The term of the members is three years. Five of the initial board members must be appointed to serve an initial term of three years, three must be appointed to serve an initial term of two years, and the three remaining members must be appointed to serve an initial term of one year. All subsequent terms are three years. To ensure that the board can continue to act, a member whose term expires shall continue to serve until his or her replacement is appointed. In the case of any vacancy on the board for any reason, the governor shall appoint a new member to serve out the term of the person whose position has become vacant. A board member may be removed for cause by the governor.

(3) Members of the advisory board are entitled to reimbursement for expenses incurred in the discharge of their duties under this chapter, as provided in RCW 43.03.050 and 43.03.060.

NEW SECTION. Sec. 29. FINANCIAL OVERSIGHT AND AUDIT. (1) The trust must maintain capital adequacy and other standard indicators of safety and soundness as are appropriate for a publicly owned financial institution.

(2) The director shall examine the trust, taking into consideration the unique circumstances of a publicly owned financial institution. The trust shall pay the director for the reasonable costs of examinations.

(3) The state auditor shall conduct an annual post-audit on all accounts and financial transactions of the trust.

NEW SECTION. Sec. 30. REPORTING REQUIREMENTS. (1) The trust shall submit quarterly reports to the commission in a manner and form prescribed by the commission.

(2) The commission shall make a report to the legislature on the affairs of the trust by December 1st of each year.

NEW SECTION. Sec. 31. ETHICAL REQUIREMENTS. The trust may not make a loan to any advisory board member, the president, or employees of the trust. Advisory board members, the president, and employees of the trust must follow applicable ethical requirements in chapter 42.52 RCW and in rules, policies, and procedures adopted by the commission.

NEW SECTION. Sec. 32. FEES AND TAXES. The trust is exempt from payment of all fees and taxes levied by the state or any of its subdivisions.

NEW SECTION. Sec. 33. TRUST RECORDS. (1) Under RCW 42.56.270 and 42.56.400, certain trust business records and records of the department relating to the trust are exempt from public disclosure.

(2) Financial and commercial information and records submitted to either the department or the commission for the purpose of administering this chapter may be shared between the department and the treasurer. These records may also be used in any suit or administrative hearing involving any provision of this chapter.

(3) This section does not prohibit:

(a) The issuance of general statements based on the reports of persons subject to this chapter as long as the statements do not identify the information furnished by any person; or

(b) The publication by the director or the commission of the name of any person violating this chapter and a statement of the manner of the violation of that person.

NEW SECTION. Sec. 34. CAPITALIZATION. The commission must make recommendations to the appropriate fiscal committees of the legislature on options for capitalization of the trust. Any recommendations must include draft legislation for consideration by the legislature.

NEW SECTION. Sec. 35. A new section is added to chapter 39.58 RCW to read as follows:

The Washington investment trust created in section 19 of this act may accept deposits of public funds, but is not a public depository and is not subject to the requirements of this chapter.

NEW SECTION. Sec. 36. A new section is added to chapter 41.06 RCW to read as follows:

In addition to the exemptions under RCW 41.06.070, the provisions of this chapter do not apply to the president of the Washington investment trust in section 27 of this act.

Sec. 37. RCW 30.04.020 and 2010 c 88 s 4 are each amended to read as follows:

(1) The name of every bank shall contain the word "bank" and the name of every trust company shall contain the word "trust," or the word "bank." Except as provided in RCW 33.08.030 or as otherwise authorized by this section or approved by the director, only a national bank, federal savings bank, a bank or trust company authorized by this title, savings bank under Title 32 RCW, bank holding company or financial holding company, a holding company authorized by this title or Title 32 RCW, or a foreign or alien corporation or other legal person authorized by this title to do so, shall:

(a) Use as a part of his (~~(for her))~~ or her or its name or other business designation, as a prominent syllable within a word comprising all or a portion of its name or other business designation, or in any manner as if connected with his (~~(for her))~~ or her or its business or place of business any of the following words or the plural thereof, to wit: "bank," "banking," "banker," "bancorporation," "bancorp," or "trust," or any foreign language designations thereof, including, by way of example, "banco" or "banque."

(b) Use any sign, logo, or marketing message, in any media, or use any letterhead, billhead, note, receipt, certificate, blank, form, or any written, printed, electronic or internet-based instrument or material representation whatsoever, directly or indirectly indicating that the business of such person is that of a bank or trust company.

(2) A foreign corporation or other foreign domiciled legal person, whose name contains the words "bank," "banker," "banking," "bancorporation," "bancorp," or "trust," or the foreign language equivalent thereof, or whose articles of incorporation empower it to engage in banking or to engage in a trust business,

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may not engage in banking or in a trust business in this state unless the corporation or other legal person (a) is expressly authorized to do so under this title, under federal law, or by the director, and (b) complies with all applicable requirements of Washington state law regarding foreign corporations and other foreign legal persons. If an activity would not constitute "transacting business" within the meaning of RCW 23B.15.010(1) or chapter 23B.18 RCW, then the activity shall not constitute banking or engaging in a trust business. Nothing in this subsection shall prevent operations by an alien bank in compliance with chapter 30.42 RCW.

(3) This section shall not prevent a lender approved by the United States secretary of housing and urban development for participation in any mortgage insurance program under the National Housing Act from using the words "mortgage banker" or "mortgage banking" in the conduct of its business, but only if both words are used together in either of the forms which appear in quotations in this sentence.

(4) This section does not prevent the Washington investment trust created in section 19 of this act from being called a trust or from providing banking services without being called a bank.

(5) Any individual or legal person, or director, officer, or manager of such legal person, who knowingly violates any provision of this section shall be guilty of a gross misdemeanor.

Sec. 38. RCW 42.56.270 and 2011 1st sp.s. c 14 s 15 are each amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 43.325, 43.163, 43.160, 43.330, ~~43.---~~(the new chapter created in section 42 of this act), and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(b) Internal control documents, independent auditors' reports and financial statements, and supporting documents: (i) Of house-banked social card game licensees required by the gambling commission pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes with an approved tribal/state compact for class III gaming;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of commerce:

(i) Financial and proprietary information collected from any person and provided to the department of commerce pursuant to RCW 43.330.050(8); and

(ii) Financial or proprietary information collected from any person and provided to the department of commerce or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of commerce based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of commerce from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085;

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit;

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to RCW 42.56.610 and 90.64.190;

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under RCW 35.104.010 through 35.104.060, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information;

(19) Information gathered under chapter 19.85 RCW or RCW 34.05.328 that can be identified to a particular business;

(20) Financial and commercial information submitted to or obtained by the University of Washington, other than information the university is required to disclose under RCW 28B.20.150, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the University of Washington consolidated endowment fund or to result in private loss to the providers of this information; and

(21) Financial, commercial, operations, and technical and research information and data submitted to or obtained by innovate Washington in applications for, or delivery of, grants and loans under chapter 43.333 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information.

Sec. 39. RCW 42.56.400 and 2013 c 277 s 5 and 2013 c 65 s 5 are each reenacted and amended to read as follows:

The following information relating to insurance and financial institutions is exempt from disclosure under this chapter:

(1) Records maintained by the board of industrial insurance appeals that are related to appeals of crime victims' compensation claims filed with the board under RCW 7.68.110;

(2) Information obtained and exempted or withheld from public inspection by the health care authority under RCW 41.05.026, whether retained by the authority, transferred to another state purchased health care program by the authority, or transferred by the authority to a technical review committee created to facilitate the development, acquisition, or implementation of state purchased health care under chapter 41.05 RCW;

(3) The names and individual identification data of either all owners or all insureds, or both, received by the insurance commissioner under chapter 48.102 RCW;

(4) Information provided under RCW 48.30A.045 through 48.30A.060;

(5) Information provided under RCW 48.05.510 through 48.05.535, 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and 48.46.600 through 48.46.625;

(6) Examination reports and information obtained by the department of financial institutions from banks under RCW 30.04.075, from savings banks under RCW 32.04.220, from savings and loan associations under RCW 33.04.110, from credit unions under RCW 31.12.565, from the Washington investment trust under chapter 43.--- RCW (the new chapter created in section 42 of this act), from check cashers and sellers under RCW 31.45.030(3), and from securities brokers and investment advisers under RCW 21.20.100, all of which is confidential and privileged information;

(7) Information provided to the insurance commissioner under RCW 48.110.040(3);

(8) Documents, materials, or information obtained by the insurance commissioner under RCW 48.02.065, all of which are confidential and privileged;

(9) Confidential proprietary and trade secret information provided to the commissioner under RCW 48.31C.020 through 48.31C.050 and 48.31C.070;

(10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and 7.70.140 that, alone or in combination with any

other data, may reveal the identity of a claimant, health care provider, health care facility, insuring entity, or self-insurer involved in a particular claim or a collection of claims. For the purposes of this subsection:

(a) "Claimant" has the same meaning as in RCW 48.140.010(2).

(b) "Health care facility" has the same meaning as in RCW 48.140.010(6).

(c) "Health care provider" has the same meaning as in RCW 48.140.010(7).

(d) "Insuring entity" has the same meaning as in RCW 48.140.010(8).

(e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

(11) Documents, materials, or information obtained by the insurance commissioner under RCW 48.135.060;

(12) Documents, materials, or information obtained by the insurance commissioner under RCW 48.37.060;

(13) Confidential and privileged documents obtained or produced by the insurance commissioner and identified in RCW 48.37.080;

(14) Documents, materials, or information obtained by the insurance commissioner under RCW 48.37.140;

(15) Documents, materials, or information obtained by the insurance commissioner under RCW 48.17.595;

(16) Documents, materials, or information obtained by the insurance commissioner under RCW 48.102.051(1) and 48.102.140(3) and (7)(a)(ii);

(17) Documents, materials, or information obtained by the insurance commissioner in the commissioner's capacity as receiver under RCW 48.31.025 and 48.99.017, which are records under the jurisdiction and control of the receivership court. The commissioner is not required to search for, log, produce, or otherwise comply with the public records act for any records that the commissioner obtains under chapters 48.31 and 48.99 RCW in the commissioner's capacity as a receiver, except as directed by the receivership court;

(18) Documents, materials, or information obtained by the insurance commissioner under RCW 48.13.151;

(19) Data, information, and documents provided by a carrier pursuant to section 1, chapter 172, Laws of 2010;

(20) Information in a filing of usage-based insurance about the usage-based component of the rate pursuant to RCW 48.19.040(5)(b);

(21) Data, information, and documents, other than those described in RCW 48.02.210(2), that are submitted to the office of the insurance commissioner by an entity providing health care coverage pursuant to RCW 28A.400.275 and 48.02.210;

(22) Data, information, and documents obtained by the insurance commissioner under RCW 48.29. . . (section 1, chapter 65, Laws of 2013); and

(23) Information not subject to public inspection or public disclosure under RCW 48.43. . . (5) (section 1, chapter 277, Laws of 2013).

Sec. 40. RCW 43.08.135 and 2009 c 549 s 5044 are each amended to read as follows:

The state treasurer shall maintain at all times cash, or demand deposits in the Washington investment trust created in section 19 of this act or qualified public depositories in an amount needed to meet the operational needs of state government: PROVIDED, That the state treasurer shall not be considered in violation of RCW 9A.56.060(1) if he or she maintains demand accounts in public depositories in an amount less than all treasury warrants issued and outstanding.

Sec. 41. RCW 43.84.080 and 1982 c 148 s 1 are each amended to read as follows:

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Subject to the limitations in section 23 of this act, wherever there is in any fund or in cash balances in the state treasury more than sufficient to meet the current expenditures properly payable therefrom, the state treasurer may invest or reinvest such portion of such funds or balances as the state treasurer deems expedient in the following defined securities or classes of investments:

(1) Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States;

(2) In state, county, municipal, or school district bonds, or in warrants of taxing districts of the state. Such bonds and warrants shall be only those found to be within the limit of indebtedness prescribed by law for the taxing district issuing them and to be general obligations. The state treasurer may purchase such bonds or warrants directly from the taxing district or in the open market at such prices and upon such terms as it may determine, and may sell them at such times as it deems advisable;

(3) In motor vehicle fund warrants when authorized by agreement between the state treasurer and the department of transportation requiring repayment of invested funds from any moneys in the motor vehicle fund available for state highway construction;

(4) In federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures and guaranteed certificates of participation, or the obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system;

(5) Bankers' acceptances purchased on the secondary market;

(6) Negotiable certificates of deposit of any national or state commercial or mutual savings bank or savings and loan association doing business in the United States: PROVIDED, That the treasurer shall adhere to the investment policies and procedures adopted by the state investment board;

(7) Commercial paper: PROVIDED, That the treasurer shall adhere to the investment policies and procedures adopted by the state investment board.

NEW SECTION. Sec. 42. Sections 17 through 20 and 22 through 34 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 43. Except for section 16 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately, except for section 39 of this act, which takes effect July 28, 2013.

NEW SECTION. Sec. 44. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected."

Renumber the remaining sections consecutively and correct any internal references accordingly.

On page 1, line 4 of the title, after "function;" strike the remainder of the title and insert "amending RCW 90.38.005, 90.38.010, 90.38.900, 90.38.902, 84.33.140, 30.04.020, 42.56.270, 43.08.135, and 43.84.080; reenacting and amending RCW 43.84.092, 43.84.092, and 42.56.400; adding new sections to chapter 90.38 RCW; adding a new section to chapter 79.155 RCW; adding a new section to chapter 39.58 RCW; adding a new section to chapter 41.06 RCW; adding a new chapter to Title 43 RCW; creating a new section; providing an effective date; providing a contingent effective date; providing expiration dates; providing a contingent expiration date; and declaring an emergency."

Senators Hasegawa, Chase spoke in favor of adoption of the amendment.

Senator Honeyford spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Hasegawa on page 31, after line 36 to Second Substitute Senate Bill No. 5367.

The motion by Senator Hasegawa failed and the amendment was not adopted by voice vote.

MOTION

On motion of Senator Honeyford, the rules were suspended, Second Substitute Senate Bill No. 5367 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Honeyford and Hatfield spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Second Substitute Senate Bill No. 5367.

ROLL CALL

The Secretary called the roll on the final passage of Second Substitute Senate Bill No. 5367 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Padden, Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schlicher, Schoesler, Sheldon, Shin, Smith and Tom

Excused: Senator Kline

SECOND SUBSTITUTE SENATE BILL NO. 5367, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5913.

MOTION

On motion of Senator Fain, Second Substitute Senate Bill No. 5367 was immediately transmitted to the House of Representatives.

MOTION

At 4:50 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

EVENING SESSION

The Senate was called to order at 6:29 p.m. by President Owen.

PARLIAMENTARY INQUIRY

Senator Fain: "What order are we on?"

REPLY BY THE PRESIDENT

President Owen: "Sixth order."

SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1947, by House Committee on Appropriations (originally sponsored by Representatives Cody, Hunter, Jinkins and Harris)

Concerning the operating expenses of the Washington health benefit exchange.

The measure was read the second time.

MOTION

Senator Becker moved that the following striking amendment by Senators Becker and Keiser be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 43.71.010 and 2012 c 87 s 2 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise. Terms and phrases used in this chapter that are not defined in this section must be defined as consistent with implementation of a state health benefit exchange pursuant to the affordable care act.

(1) "Affordable care act" means the federal patient protection and affordable care act, P.L. 111-148, as amended by the federal health care and education reconciliation act of 2010, P.L. 111-152, or federal regulations or guidance issued under the affordable care act.

(2) "Authority" means the Washington state health care authority, established under chapter 41.05 RCW.

(3) "Board" means the governing board established in RCW 43.71.020.

(4) "Commissioner" means the insurance commissioner, established in Title 48 RCW.

(5) "Exchange" means the Washington health benefit exchange established in RCW 43.71.020.

(6) "Self-sustaining" means capable of operating (~~without direct state tax subsidy~~) with revenue attributable to the operations of the exchange. Self-sustaining sources include, but are not limited to, federal grants, federal premium tax subsidies and credits, charges to health carriers, ~~and~~ premiums paid by enrollees, and premium taxes under RCW 48.14.0201(5)(b) and 48.14.020(2).

Sec. 2. RCW 43.71.060 and 2012 c 87 s 5 are each amended to read as follows:

(1) The health benefit exchange account is created in the ~~((custody of the state treasurer))~~ state treasury. Moneys in the account may be spent only after appropriation. Expenditures from the account may only be used to fund the operation of the exchange and identification, collection, and distribution of premium taxes collected under RCW 48.14.0201(5)(b) and 48.14.020(2).

(2) The following funds must be deposited in the account:

(a) Premium taxes collected under RCW 48.14.0201(5)(b) and 48.14.020(2);

(b) Assessments authorized under section 3 of this act; and

(c) Amounts transferred by the pool administrator as specified in the state omnibus appropriations act pursuant to RCW 48.41.090.

(3) All receipts from federal grants received under the affordable care act may be deposited into the account. Expenditures from the account may be used only for purposes consistent with the grants ~~((until March 15, 2012, only the administrator of the health care authority, or his or her designee, may authorize expenditures from the account. Beginning March~~

~~15, 2012, only the board of the Washington health benefit exchange or designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. —(2) This section expires January 1, 2014))~~.

(4) During the 2013-2015 fiscal biennium, the legislature may transfer from the health benefit exchange account to the state general fund such amounts as reflect the excess fund balance of the account.

NEW SECTION. Sec. 3. A new section is added to chapter 43.71 RCW to read as follows:

(1)(a) Beginning January 1, 2015, the exchange may require each issuer writing premiums for qualified health benefit plans or stand-alone dental plans offered through the exchange to pay an assessment in an amount necessary to fund the operations of the exchange, applicable to operational costs incurred beginning January 1, 2015.

(b) The assessment is an exchange user fee as that term is used in 45 C.F.R. 156.80. Assessments of issuers may be made only if the amount of expected premium taxes, as provided under RCW 48.14.0201(5)(b) and 48.14.020(2), and other funds deposited in the health benefit exchange account in the current calendar year are insufficient to fund exchange operations in the following calendar year at the level authorized by the legislature for that purpose in the omnibus appropriations act.

(c) If the exchange is charging an assessment, the exchange shall display the amount of the assessment per member per month for enrollees. A health benefit plan or stand-alone dental plan may identify the amount of the assessment to enrollees, but must not bill the enrollee for the amount of the assessment separately from the premium.

(2) The board, in collaboration with the issuers, the health care authority, and the commissioner, must establish a fair and transparent process for calculating the assessment amount. The process must meet the following requirements:

(a) The assessment only applies to issuers that offer coverage in the exchange and only for those market segments offered and must be based on the number of enrollees in qualified health plans and stand-alone dental plans in the exchange for a calendar year;

(b) The assessment must be established on a flat dollar and cents amount per member per month, and the assessment for dental plans must be proportional to the premiums paid for stand-alone dental plans in the exchange;

(c) Issuers must be notified of the assessment amount by the exchange on a timely basis;

(d) An appropriate assessment reconciliation process must be established by the exchange that is administratively efficient;

(e) Issuers must remit the assessment due to the exchange in quarterly installments after receiving notification from the exchange of the due dates of the quarterly installments;

(f) A procedure must be established to allow issuers subject to assessments under this section to have grievances reviewed by an impartial body and reported to the board; and

(g) A procedure for enforcement must be established if an issuer fails to remit its assessment amount to the exchange within ten business days of the quarterly installment due date.

(3) The exchange shall deposit proceeds from the assessments in the health benefit exchange account under RCW 43.71.060.

(4) The assessment described in this section shall be considered a special purpose obligation or assessment in connection with coverage described in this section for the purpose of funding the operations of the exchange, and may not be applied by issuers to vary premium rates at the plan level.

(5) The exchange shall monitor enrollment and provide periodic reports which must be available on its web site.

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(6) The board shall offer all qualified health plans through the exchange, and the exchange shall not add criteria for certification of qualified health plans beyond those set out in RCW 43.71.065 without specific statutory direction. Nothing shall be construed to limit duties, obligations, and authority otherwise legislatively delegated or granted to the exchange.

(7) The exchange shall report to the joint select committee on health care oversight on a quarterly basis with an update on budget expenses and operations.

(8) By July 1, 2016, the state auditor shall conduct a performance review of the cost of exchange operations and shall make recommendations to the board and the health care committees of the legislature addressing improvements in cost performance and adoption of best practices. The auditor shall further evaluate the potential cost and customer service benefits through regionalization with other states of some exchange operation functions or through a partnership with the federal government. The cost of the state auditor review must be borne by the exchange.

NEW SECTION. Sec. 4. A new section is added to chapter 43.135 RCW to read as follows:

RCW 43.135.034(4) does not apply to the dedication of premium taxes established under RCW 48.14.0201(5)(b) or 48.14.020(2).

Sec. 5. RCW 48.14.0201 and 2013 c 325 s 3 are each amended to read as follows:

(1) As used in this section, "taxpayer" means a health maintenance organization as defined in RCW 48.46.020, a health care service contractor as defined in chapter 48.44 RCW, or a self-funded multiple employer welfare arrangement as defined in RCW 48.125.010.

(2) Each taxpayer must pay a tax on or before the first day of March of each year to the state treasurer through the insurance commissioner's office. The tax must be equal to the total amount of all premiums and prepayments for health care services collected or received by the taxpayer under RCW 48.14.090 during the preceding calendar year multiplied by the rate of two percent. For tax purposes, the reporting of premiums and prepayments must be on a written basis or on a paid-for basis consistent with the basis required by the annual statement.

(3) Taxpayers must prepay their tax obligations under this section. The minimum amount of the prepayments is the percentages of the taxpayer's tax obligation for the preceding calendar year recomputed using the rate in effect for the current year. For the prepayment of taxes due during the first calendar year, the minimum amount of the prepayments is the percentages of the taxpayer's tax obligation that would have been due had the tax been in effect during the previous calendar year. The tax prepayments must be paid to the state treasurer through the commissioner's office by the due dates and in the following amounts:

- (a) On or before June 15, forty-five percent;
- (b) On or before September 15, twenty-five percent;
- (c) On or before December 15, twenty-five percent.

(4) For good cause demonstrated in writing, the commissioner may approve an amount smaller than the preceding calendar year's tax obligation as recomputed for calculating the health maintenance organization's, health care service contractor's, self-funded multiple employer welfare arrangement's, or certified health plan's prepayment obligations for the current tax year.

(5)(a) Except as provided in (b) of this subsection, moneys collected under this section are deposited in the general fund.

(b) Beginning January 1, 2014, moneys collected from taxpayers for premiums written on qualified health benefit plans and stand-alone dental plans offered through the health benefit exchange under

chapter 43.71 RCW must be deposited in the health benefit exchange account under RCW 43.71.060.

(6) The taxes imposed in this section do not apply to:

(a) Amounts received by any taxpayer from the United States or any instrumentality thereof as prepayments for health care services provided under Title XVIII (medicare) of the federal social security act.

(b) Amounts received by any taxpayer from the state of Washington as prepayments for health care services provided under:

(i) The medical care services program as provided in RCW 74.09.035; or

(ii) The Washington basic health plan on behalf of subsidized enrollees as provided in chapter 70.47 RCW.

(c) Amounts received by any health care service contractor as defined in chapter 48.44 RCW, or any health maintenance organization as defined in chapter 48.46 RCW, as prepayments for health care services included within the definition of practice of dentistry under RCW 18.32.020, except amounts received for pediatric oral services that qualify as coverage for the minimum essential coverage requirement under P.L. 111-148 (2010), as amended.

(d) Participant contributions to self-funded multiple employer welfare arrangements that are not taxable in this state.

(7) Beginning January 1, 2000, the state preempts the field of imposing excise or privilege taxes upon taxpayers and no county, city, town, or other municipal subdivision has the right to impose any such taxes upon such taxpayers. This subsection is limited to premiums and payments for health benefit plans offered by health care service contractors under chapter 48.44 RCW, health maintenance organizations under chapter 48.46 RCW, and self-funded multiple employer welfare arrangements as defined in RCW 48.125.010. The preemption authorized by this subsection must not impair the ability of a county, city, town, or other municipal subdivision to impose excise or privilege taxes upon the health care services directly delivered by the employees of a health maintenance organization under chapter 48.46 RCW.

(8)(a) The taxes imposed by this section apply to a self-funded multiple employer welfare arrangement only in the event that they are not preempted by the employee retirement income security act of 1974, as amended, 29 U.S.C. Sec. 1001 et seq. The arrangements and the commissioner must initially request an advisory opinion from the United States department of labor or obtain a declaratory ruling from a federal court on the legality of imposing state premium taxes on these arrangements. Once the legality of the taxes has been determined, the multiple employer welfare arrangement certified by the insurance commissioner must begin payment of these taxes.

(b) If there has not been a final determination of the legality of these taxes, then beginning on the earlier of (i) the date the fourth multiple employer welfare arrangement has been certified by the insurance commissioner, or (ii) April 1, 2006, the arrangement must deposit the taxes imposed by this section into an interest bearing escrow account maintained by the arrangement. Upon a final determination that the taxes are not preempted by the employee retirement income security act of 1974, as amended, 29 U.S.C. Sec. 1001 et seq., all funds in the interest bearing escrow account must be transferred to the state treasurer.

(9) The effect of transferring contracts for health care services from one taxpayer to another taxpayer is to transfer the tax prepayment obligation with respect to the contracts.

(10) On or before June 1st of each year, the commissioner must notify each taxpayer required to make prepayments in that year of the amount of each prepayment and must provide remittance forms to be used by the taxpayer. However, a taxpayer's responsibility to

make prepayments is not affected by failure of the commissioner to send, or the taxpayer to receive, the notice or forms.

Sec. 6. RCW 48.14.020 and 2013 c 325 s 4 are each amended to read as follows:

(1) Subject to other provisions of this chapter, each authorized insurer except title insurers shall on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax on premiums. Except as provided in subsection (3) of this section, such tax shall be in the amount of two percent of all premiums, excluding amounts returned to or the amount of reductions in premiums allowed to holders of industrial life policies for payment of premiums directly to an office of the insurer, collected or received by the insurer under RCW 48.14.090 during the preceding calendar year other than ocean marine and foreign trade insurances, after deducting premiums paid to policyholders as returned premiums, upon risks or property resident, situated, or to be performed in this state. For tax purposes, the reporting of premiums shall be on a written basis or on a paid-for basis consistent with the basis required by the annual statement. For the purposes of this section the consideration received by an insurer for the granting of an annuity shall not be deemed to be a premium.

(2)(a) The taxes imposed in this section do not apply to amounts received by any life and disability insurer for health care services included within the definition of practice of dentistry under RCW 18.32.020 except amounts received for pediatric oral services that qualify as coverage for the minimum essential coverage requirement under P.L. 111-148 (2010), as amended.

(b) Beginning January 1, 2014, moneys collected for premiums written on qualified health benefit plans and stand-alone dental plans offered through the health benefit exchange under chapter 43.71 RCW must be deposited in the health benefit exchange account under RCW 43.71.060.

(3) In the case of insurers which require the payment by their policyholders at the inception of their policies of the entire premium thereon in the form of premiums or premium deposits which are the same in amount, based on the character of the risks, regardless of the length of term for which such policies are written, such tax shall be in the amount of two percent of the gross amount of such premiums and premium deposits upon policies on risks resident, located, or to be performed in this state, in force as of the thirty-first day of December next preceding, less the unused or unabsorbed portion of such premiums and premium deposits computed at the average rate thereof actually paid or credited to policyholders or applied in part payment of any renewal premiums or premium deposits on one-year policies expiring during such year.

(4) Each authorized insurer shall with respect to all ocean marine and foreign trade insurance contracts written within this state during the preceding calendar year, on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax of ninety-five one-hundredths of one percent on its gross underwriting profit. Such gross underwriting profit shall be ascertained by deducting from the net premiums (i.e., gross premiums less all return premiums and premiums for reinsurance) on such ocean marine and foreign trade insurance contracts the net losses paid (i.e., gross losses paid less salvage and recoveries on reinsurance ceded) during such calendar year under such contracts. In the case of insurers issuing participating contracts, such gross underwriting profit shall not include, for computation of the tax prescribed by this subsection, the amounts refunded, or paid as participation dividends, by such insurers to the holders of such contracts.

(5) The state does hereby preempt the field of imposing excise or privilege taxes upon insurers or their appointed insurance producers, other than title insurers, and no county, city, town or other municipal subdivision shall have the right to impose any such taxes upon such insurers or these insurance producers.

(6) If an authorized insurer collects or receives any such premiums on account of policies in force in this state which were originally issued by another insurer and which other insurer is not authorized to transact insurance in this state on its own account, such collecting insurer shall be liable for and shall pay the tax on such premiums.

Sec. 7. RCW 48.41.090 and 2005 c 405 s 2 are each amended to read as follows:

(1) Following the close of each accounting year, the pool administrator shall determine the total net cost of pool operation which shall include:

(a) Net premium (premiums less administrative expense allowances), the pool expenses of administration, and incurred losses for the year, taking into account investment income and other appropriate gains and losses; and

(b) The amount of pool contributions specified in the state omnibus appropriations act for deposit into the health benefit exchange account under RCW 43.71.060, to assist with the transition of enrollees from the pool into the health benefit exchange created by chapter 43.71 RCW.

(2)(a) Each member's proportion of participation in the pool shall be determined annually by the board based on annual statements and other reports deemed necessary by the board and filed by the member with the commissioner; and shall be determined by multiplying the total cost of pool operation by a fraction. The numerator of the fraction equals that member's total number of resident insured persons, including spouse and dependents, covered under all health plans in the state by that member during the preceding calendar year. The denominator of the fraction equals the total number of resident insured persons, including spouses and dependents, covered under all health plans in the state by all pool members during the preceding calendar year.

(b) For purposes of calculating the numerator and the denominator under (a) of this subsection:

(i) All health plans in the state by the state health care authority include only the uniform medical plan;

(ii) Each ten resident insured persons, including spouse and dependents, under a stop loss plan or the uniform medical plan shall count as one resident insured person;

(iii) Health plans serving medical care services program clients under RCW 74.09.035 are exempted from the calculation; and

(iv) Health plans established to serve elderly clients or ~~((disabled))~~ medicaid clients with disabilities under chapter 74.09 RCW when the plan has been implemented on a demonstration or pilot project basis are exempted from the calculation until July 1, 2009.

(c) Except as provided in RCW 48.41.037, any deficit incurred by the pool, including pool contributions for deposit into the health benefit exchange account, shall be recouped by assessments among members apportioned under this subsection pursuant to the formula set forth by the board among members. The monthly per member assessment may not exceed the 2013 assessment level. If the maximum assessment is insufficient to cover a pool deficit the assessment shall be used first to pay all incurred losses and pool administrative expenses, with the remainder being available for deposit in the health benefit exchange account.

(3) The board may abate or defer, in whole or in part, the assessment of a member if, in the opinion of the board, payment of the assessment would endanger the ability of the member to fulfill its contractual obligations. If an assessment against a member is abated or deferred in whole or in part, the amount by which such assessment is abated or deferred may be assessed against the other members in a manner consistent with the basis for assessments set forth in subsection (2) of this section. The member receiving such abatement or deferment shall remain liable to the pool for the deficiency.

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(4) Subject to the limitation imposed in subsection (2)(c) of this section, the pool administrator shall transfer the assessments for pool contributions for the operation of the health benefit exchange to the treasurer for deposit into the health benefit exchange account with the quarterly assessments for 2014 as specified in the state omnibus appropriations act. If assessments exceed actual losses and administrative expenses of the pool and pool contributions for deposit into the health benefit exchange account, the excess shall be held at interest and used by the board to offset future losses or to reduce pool premiums. As used in this subsection, "future losses" includes reserves for incurred but not reported claims.

NEW SECTION. Sec. 8. A new section is added to chapter 82.04 RCW to read as follows:

(1) The taxes imposed by this chapter do not apply to amounts received by the Washington health benefit exchange established under chapter 43.71 RCW.

(2) This section expires July 1, 2023.

NEW SECTION. Sec. 9. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 10. Section 8 of this act applies both prospectively and retroactively."

MOTION

Senator Benton moved that the following amendment by Senator Ericksen to the striking amendment be adopted:

On page 4, line 24, insert the following:

"NEW SECTION. Sec. 1. A new section is added to chapter 43.71. RCW to read as follows:

(1) By July 1, 2014, the exchange shall, in collaboration with the office of the insurance commissioner, apply to the secretary of the United States department of health and human services for a waiver to authorize Washington state to explore the opportunity of offering multiple private health benefit exchanges in Washington state by January 1, 2016.

(2) The exchange, in collaboration with the office of the insurance commissioner, must hire a neutral consultant to conduct analyses and make preparations for the transition from a single health benefit exchange to multiple private health benefit exchanges. Research must include, but is not limited to:

(a) Seeking clarity on how advance premium tax credits and cost-sharing subsidies would be accessed through multiple organizations;

(b) Conducting a cost-benefit analysis and assessment of the impacts on consumers and the insurance market; and

(c) Suggested statutory changes required in order to implement the new private health benefit exchanges.

(3) The current exchange may continue to operate after implementation of the private health benefit exchanges. However, the current exchange shall receive no special treatment or aid that would create an unlevel playing field or advantage over the private health benefit exchanges."

Renumber the remaining sections and correct internal references.

Senator Benton spoke in favor of adoption of the amendment to the striking amendment.

Senator Becker spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Ericksen on page 4, line 24 to the striking amendment to Engrossed Substitute House Bill No. 1947.

The motion by Senator Benton failed and the amendment to the striking amendment was not adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Becker and Keiser to Engrossed Substitute House Bill No. 1947.

The motion by Senator Becker carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 3 of the title, after "expenses;" strike the remainder of the title and insert "amending RCW 43.71.010, 43.71.060, 48.14.0201, 48.14.020, and 48.41.090; adding a new section to chapter 43.71 RCW; adding a new section to chapter 43.135 RCW; adding a new section to chapter 82.04 RCW; creating a new section; and providing an expiration date."

MOTION

On motion of Senator Becker, the rules were suspended, Engrossed Substitute House Bill No. 1947 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Becker, Keiser, Murray and Schlicher spoke in favor of passage of the bill.

Senator Ericksen spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1947 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1947 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 31; Nays, 16; Absent, 1; Excused, 1.

Voting yea: Senators Becker, Billig, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hill, Hobbs, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Parlette, Ranker, Rolfes, Schlicher and Tom

Voting nay: Senators Bailey, Baumgartner, Benton, Braun, Brown, Ericksen, Hewitt, Holmquist Newbry, Honeyford, Padden, Pearson, Rivers, Roach, Schoesler, Sheldon and Smith

Absent: Senator Shin

Excused: Senator Kline

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1947 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

ENGROSSED HOUSE BILL NO. 1450, by Representatives Hunt and Pollet

Regarding assessments in public schools.

The measure was read the second time.

MOTION

On motion of Senator Dammeier, the rules were suspended, Engrossed House Bill No. 1450 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Dammeier and McAuliffe spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed House Bill No. 1450.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed House Bill No. 1450 and the bill passed the Senate by the following vote: Yeas, 36; Nays, 12; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Becker, Billig, Braun, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Fain, Fraser, Frockt, Hargrove, Harper, Hatfield, Hill, Hobbs, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Parlette, Pearson, Ranker, Rivers, Rolfes, Schlicher, Schoesler, Shin and Tom

Voting nay: Senators Baumgartner, Benton, Brown, Ericksen, Hasegawa, Hewitt, Holmquist Newbry, Honeyford, Padden, Roach, Sheldon and Smith

Excused: Senator Kline

ENGROSSED HOUSE BILL NO. 1450, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 6:54 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 7:25 p.m. by President Owen.

MOTION

On motion of Senator Fain, the Senate reverted to the first order of business.

SUPPLEMENTAL REPORTS OF STANDING COMMITTEES

June 28, 2013

E2SHB 1872 Prime Sponsor, Committee on Appropriations: Establishing a comprehensive initiative to increase learning opportunities and improve educational outcomes in science, technology, engineering, and mathematics through multiple strategies and statewide partnerships. Reported by Committee on Early Learning & K-12 Education

MAJORITY recommendation: Do pass. Signed by Senators Litzow, Chair; Dammeier, Vice Chair; Billig; Brown; Cleveland; Fain; Hill; McAuliffe, Ranking Member; Mullet; Rivers; Rolfes, Assistant Ranking Member.

Passed to Committee on Rules for second reading.

MOTION

On motion of Senator Fain, the Senate advanced to the fourth order of business.

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The House has passed:

THIRD ENGROSSED SUBSTITUTE SENATE BILL NO. 5034,

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The House has passed:

SENATE BILL NO. 5948,

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 2069 and passed the bill as amended by the Senate.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The Speaker has signed:

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5157,

SUBSTITUTE SENATE BILL NO. 5679,

SUBSTITUTE SENATE BILL NO. 5718,

SUBSTITUTE SENATE BILL NO. 5804,

ENGROSSED SUBSTITUTE SENATE BILL NO. 5891,

ENGROSSED SUBSTITUTE SENATE BILL NO. 5897,

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5912,

ENGROSSED SUBSTITUTE SENATE BILL NO. 5913,

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The Speaker has signed:

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1306,

SUBSTITUTE HOUSE BILL NO. 1866,

ENGROSSED HOUSE BILL NO. 2068,

and the same are herewith transmitted.

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BARBARA BAKER, Chief Clerk

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SUBSTITUTE HOUSE BILL NO. 1866,
ENGROSSED HOUSE BILL NO. 2068.

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

THIRD ENGROSSED SUBSTITUTE SENATE BILL NO. 5034,
SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5892,
SENATE BILL NO. 5904,
SENATE BILL NO. 5948.

MOTION

On motion of Senator Fain, the Senate advanced to the sixth order of business.

SECOND READING

HOUSE BILL NO. 2044, by Representatives Hunter and Sullivan

Delaying the implementation of the family leave insurance program until funding and payment of benefits are authorized in law.

The measure was read the second time.

MOTION

On motion of Senator Hargrove, the rules were suspended, House Bill No. 2044 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Hargrove spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 2044.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2044 and the bill passed the Senate by the following vote: Yeas, 38; Nays, 10; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Billig, Braun, Brown, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford, King, Kohl-Welles, Litzow, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Rivers, Rolfes, Schoesler, Sheldon, Shin, Smith and Tom

Voting nay: Senators Benton, Chase, Harper, Hasegawa, Keiser, McAuliffe, Murray, Ranker, Roach and Schlicher

Excused: Senator Kline

HOUSE BILL NO. 2044, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1306,

SECOND READING

HOUSE BILL NO. 2043, by Representatives Hunter and Sullivan

Temporarily suspending inflationary increases in educational employee compensation.

The measure was read the second time.

MOTION

On motion of Senator Dammeier, the rules were suspended, House Bill No. 2043 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Dammeier and Hargrove spoke in favor of passage of the bill.

Senator McAuliffe spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 2043.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2043 and the bill passed the Senate by the following vote: Yeas, 25; Nays, 23; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Braun, Dammeier, Darneille, Ericksen, Fain, Hargrove, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Keiser, King, Litzow, Mullet, O'Ban, Parlette, Pearson, Rivers, Schoesler, Sheldon and Tom

Voting nay: Senators Billig, Brown, Chase, Cleveland, Conway, Eide, Fraser, Frockt, Harper, Hasegawa, Hill, Hobbs, Kohl-Welles, McAuliffe, Murray, Nelson, Padden, Ranker, Roach, Rolfes, Schlicher, Shin and Smith

Excused: Senator Kline

HOUSE BILL NO. 2043, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2051, by House Committee on Appropriations (originally sponsored by Representatives Lytton, Hunter, Sullivan, Maxwell and Pollet)

Implementing basic education expenditures.

The measure was read the second time.

MOTION

On motion of Senator Hill, the rules were suspended, Engrossed Substitute House Bill No. 2051 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Hill spoke in favor of passage of the bill.

Senators Conway and Hobbs spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 2051.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 2051 and the bill passed the Senate by the following vote: Yeas, 29; Nays, 19; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Becker, Benton, Billig, Braun, Brown, Dammeier, Eide, Fain, Frockt, Hargrove, Hewitt, Hill, Honeyford, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, O'Ban, Parlette, Pearson, Ranker, Rivers, Roach, Schoesler, Smith and Tom

Voting nay: Senators Baumgartner, Chase, Cleveland, Conway, Darneille, Ericksen, Fraser, Harper, Hasegawa, Hatfield, Hobbs, Holmquist Newbry, Keiser, Nelson, Padden, Rolfes, Schlicher, Sheldon and Shin

Excused: Senator Kline

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2051, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Fain, the Senate reverted to the fourth order of business.

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The House passed ENGROSSED SUBSTITUTE SENATE BILL NO. 5946 with the following amendment(s): 5946-S.E AMH SULP H2726.1

Strike everything after the enacting clause and insert the following:

"PART I LEARNING TO READ, READING TO LEARN

NEW SECTION. Sec. 101. A new section is added to chapter 28A.300 RCW to read as follows:

In support of reading and early literacy, the office of the superintendent of public instruction is responsible for:

(1) Continuing to work collaboratively with state and regional partners such as the department of early learning and the educational service districts to establish early literacy benchmarks and standards and to implement the Washington state comprehensive literacy plan;

(2) Disseminating research and information to school districts about evidence-based programs and practices in reading readiness skills, early literacy, and reading instruction;

(3) Providing statewide models to support school districts that are implementing response to intervention initiatives, positive behavior intervention support systems, or other similar comprehensive models of data-based identification and early intervention; and

(4) Within available funds and in partnership with the educational service districts, providing technical assistance and professional development opportunities for school districts.

NEW SECTION. Sec. 102. A new section is added to chapter 28A.320 RCW to read as follows:

School districts are responsible for providing a comprehensive system of instruction and services in reading and early literacy to kindergarten through fourth grade students that is based on the degree of student need for additional support. Reading and early literacy systems provided by school districts must include:

(1) Annual use of screening assessments and other tools to identify at-risk readers in kindergarten through fourth grade, such as the Washington kindergarten inventory of developing skills, the Washington state early learning and development guidelines for birth through third grade, the second grade reading assessment under RCW 28A.300.310, and locally used assessments and other tools; and

(2) Research-based family involvement and engagement strategies, including strategies to help families and guardians assist in improving students' reading and early literacy skills at home.

NEW SECTION. Sec. 103. A new section is added to chapter 28A.415 RCW to read as follows:

(1) High-quality professional development is essential for educators to keep abreast of the important advances in research that are occurring regarding instructional strategies and curriculum. Professional development in early literacy is especially important to support the instruction of young readers since reading proficiency is a crucial element for student academic success.

(2) Subject to funds appropriated for this specific purpose, the office of the superintendent of public instruction shall create partnerships with the educational service districts and public or private institutions of higher education with approved educator preparation programs to develop and deliver research-based professional development learning opportunities in reading instruction and early literacy for teachers of kindergarten through fourth grade students.

NEW SECTION. Sec. 104. A new section is added to chapter 28A.320 RCW to read as follows:

(1) Each school district shall require that report cards for students in kindergarten through fourth grade include information regarding how the student is progressing on acquiring reading skills and whether the student is at grade level in reading.

(2) If a student is not reading at or above grade level, the teacher, with the support of other school personnel as appropriate, must explain to the parent or guardian which interventions and strategies will be used to help improve the student's reading skills and must provide strategies for parents or guardians to assist with improving the student's reading skills at home.

(3) Each school shall report to the school district the number of students in grades kindergarten through four who are reading below grade level and the interventions that are being provided to improve the reading skills of the students, with the information disaggregated by subgroups of students. The school district shall aggregate the reports from the schools and provide the reports to the office of the superintendent of public instruction. The office of the superintendent of public instruction shall submit a statewide report annually to the education committees of the legislature and the educational opportunity gap oversight and accountability committee.

NEW SECTION. Sec. 105. A new section is added to chapter 28A.655 RCW to read as follows:

(1) The definitions in this subsection apply throughout this section and section 106 of this act unless the context clearly requires otherwise.

(a) "Basic" means a score on the statewide student assessment at a level two in a four-level scoring system.

(b) "Below basic" means a score on the statewide student assessment at a level one in a four-level scoring system.

(c) "Not meet the state standard" means a score on the statewide student assessment at either a level one or a level two in a four-level scoring system.

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(2) Beginning in the 2014-15 school year, for any student who receives a score of below basic on the third grade statewide student assessment in English language arts, a meeting must be scheduled before the end of the school year between the student's parent or guardian, teacher, and the principal of the school the student attends or the principal's designee to discuss appropriate grade placement and recommended intensive strategies to improve the student's reading skills. For students to be placed in fourth grade, the strategies discussed must include an intensive improvement strategy provided, supported, or contracted by the school district that includes a summer program or other option identified by the parents, teacher, principal, or principal's designee as appropriately meeting the student's need to prepare for fourth grade. The parents or guardians must be fully informed about the strategies and the parent's or guardian's consent must be obtained regarding the appropriate grade placement and the intensive improvement strategy to be implemented. The school district must implement the strategy selected in consultation with the student's parents or guardians.

(3) If a student does not have a score in English language arts on the third grade statewide student assessment but the district determines, using district or classroom-based diagnostic assessments or another standardized assessment, that the student's performance is equivalent to below basic in English language arts, the policy in subsection (2) of this section applies.

(4) Students participating in the transitional bilingual instruction program are exempt from the policy in subsection (2) of this section, unless the student has participated in the transitional bilingual instruction program for three school years and receives a score of below basic on the third grade statewide student assessment in English language arts.

(5) Students with disabilities whose individualized education program includes specially designed instruction in reading or English language arts are exempt from subsections (2), (3), and (4) of this section. Communication and consultation with parents or guardians of such students shall occur through the individualized education program process required under chapter 28A.155 RCW and associated administrative rules.

NEW SECTION. Sec. 106. A new section is added to chapter 28A.655 RCW to read as follows:

(1)(a) Beginning in the 2015-16 school year, except as otherwise provided in this subsection (1), for any student who received a score of basic or below basic on the third grade statewide student assessment in English language arts in the previous school year, the school district must implement an intensive reading and literacy improvement strategy from a state menu of best practices established in accordance with subsection (3) of this section or an alternative strategy in accordance with subsection (4) of this section.

(b) Reading and literacy improvement strategies for students with disabilities whose individualized education program includes specially designed instruction in reading or English language arts shall be as provided in the individualized education program.

(2)(a) Also beginning in the 2015-16 school year, in any school where more than forty percent of the tested students received a score of basic or below basic on the third grade statewide student assessment in English language arts in the previous school year, as calculated under this subsection (2), the school district must implement an intensive reading and literacy improvement strategy from a state menu of best practices established in accordance with subsection (3) of this section or an alternative strategy in accordance with subsection (4) of this section for all students in grades kindergarten through four at the school.

(b) For the purposes of this subsection (2), the office of the superintendent of public instruction shall exclude the following from the calculation of a school's percentage of tested students

receiving a score of basic or below basic on the third grade statewide student assessment:

(i) Students enrolled in the transitional bilingual instruction program unless the student has participated in the transitional bilingual instruction program for three school years;

(ii) Students with disabilities whose individualized education program specifies a different standard to measure reading performance than is required for the statewide student assessment; and

(iii) Schools with fewer than ten students in third grade.

(3) The office of the superintendent of public instruction shall convene a panel of experts, including the Washington state institute for public policy, to develop a state menu of best practices and strategies for intensive reading and literacy improvement designed to assist struggling students in reaching grade level in reading by the end of fourth grade. The state menu must also include best practices and strategies to improve the reading and literacy of students who are English language learners and for system improvements that schools and school districts can implement to improve reading instruction for all students. The office of the superintendent of public instruction shall publish the state menu by July 1, 2014, and update the state menu by each July 1st thereafter.

(4) School districts may use an alternative practice or strategy that is not on a state menu developed under subsection (3) of this section for two school years initially. If the district is able to demonstrate improved outcomes for participating students over the previous two school years at a level commensurate with the best practices and strategies on the state menu, the office of the superintendent of public instruction must approve use of the alternative practice or strategy by the district for one additional school year. Subsequent annual approval by the superintendent of public instruction to use the alternative practice or strategy is dependent on the district continuing to demonstrate an increase in improved outcomes for participating students.

PART II

REQUIRING THE LEARNING ASSISTANCE PROGRAM TO BE EVIDENCE-BASED

Sec. 201. RCW 28A.165.005 and 2009 c 548 s 701 are each amended to read as follows:

~~(1)~~ This chapter is designed to: ~~((4))~~ (a) Promote the use of ~~((assessment))~~ data when developing programs to assist underachieving students and reduce disruptive behaviors in the classroom; and ~~((2))~~ (b) guide school districts in providing the most effective and efficient practices when implementing supplemental instruction and services to assist underachieving students and reduce disruptive behaviors in the classroom.

(2) School districts implementing a learning assistance program shall focus first on addressing the needs of students in grades kindergarten through four who are deficient in reading or reading readiness skills to improve reading literacy.

Sec. 202. RCW 28A.165.015 and 2009 c 548 s 702 are each amended to read as follows:

Unless the context clearly indicates otherwise the definitions in this section apply throughout this chapter.

(1) ("Approved program" means a program submitted to and approved by the office of the superintendent of public instruction and conducted pursuant to the plan that addresses the required elements as provided for in this chapter.

(2)) "Basic skills areas" means reading, writing, and mathematics as well as readiness associated with these skills.

~~((3))~~ (2) "Participating student" means a student in kindergarten through grade twelve who scores below standard for his or her grade level using multiple measures of performance.

including on the statewide student assessments or other assessments and performance measurement tools administered by the school or district and who is identified ((in)) by the ((approved plan)) district to receive services.

((4)) (3) "Statewide student assessments" means one or more of the ((several basic skills assessments administered as part of the state's student assessment system, and assessments in the basic skills areas)) assessments administered by ((local)) school districts as required under RCW 28A.655.070.

((5)) (4) "Underachieving students" means students with the greatest academic deficits in basic skills as identified by ((the)) statewide, school, or district assessments or other performance measurement tools.

Sec. 203. RCW 28A.165.035 and 2008 c 321 s 4 are each amended to read as follows:

(1) Beginning in the 2015-16 school year, expenditure of funds from the learning assistance program must be consistent with the provisions of section 106 of this act.

(2) Use of best practices that have been demonstrated through research to be associated with increased student achievement magnifies the opportunities for student success. To the extent they are included as a best practice or strategy in one of the state menus or an approved alternative under this section or section 106 of this act, the following are services and activities that may be supported by the learning assistance program:

((+)) (a) Extended learning time opportunities occurring:

((+)) (i) Before or after the regular school day;

((+)) (ii) On Saturday; and

((+)) (iii) Beyond the regular school year;

((2)) (b) Services under RCW 28A.320.190;

((3)) (c) Professional development for certificated and classified staff that focuses on:

((+)) (i) The needs of a diverse student population;

((+)) (ii) Specific literacy and mathematics content and instructional strategies; and

((+)) (iii) The use of student work to guide effective instruction and appropriate assistance;

((4)) (d) Consultant teachers to assist in implementing effective instructional practices by teachers serving participating students;

((5)) (e) Tutoring support for participating students; ~~((and~~

~~((6)) (f) Outreach activities and support for parents of participating students, including employing parent and family engagement coordinators; and~~

(g) Up to five percent of a district's learning assistance program allocation may be used for development of partnerships with community-based organizations, educational service districts, and other local agencies to deliver academic and nonacademic supports to participating students who are significantly at risk of not being successful in school to reduce barriers to learning, increase student engagement, and enhance students' readiness to learn. The office of the superintendent of public instruction must approve any community-based organization or local agency before learning assistance funds may be expended.

(3) In addition to the state menu developed under section 106 of this act, the office of the superintendent of public instruction shall convene a panel of experts, including the Washington state institute for public policy, to develop additional state menus of best practices and strategies for use in the learning assistance program to assist struggling students at all grade levels in English language arts and mathematics and reduce disruptive behaviors in the classroom. The office of the superintendent of public instruction shall publish the state menus by July 1, 2015, and update the state menus by each July 1st thereafter.

(4)(a) Beginning in the 2016-17 school year, except as provided in (b) of this subsection, school districts must use a practice or

strategy that is on a state menu developed under subsection (3) of this section or section 106 of this act.

(b) Beginning in the 2016-17 school year, school districts may use a practice or strategy that is not on a state menu developed under subsection (3) of this section for two school years initially. If the district is able to demonstrate improved outcomes for participating students over the previous two school years at a level commensurate with the best practices and strategies on the state menu, the office of the superintendent of public instruction shall approve use of the alternative practice or strategy by the district for one additional school year. Subsequent annual approval by the superintendent of public instruction to use the alternative practice or strategy is dependent on the district continuing to demonstrate increased improved outcomes for participating students.

(c) Beginning in the 2016-17 school year, school districts may enter cooperative agreements with state agencies, local governments, or school districts for administrative or operational costs needed to provide services in accordance with the state menus developed under this section and section 106 of this act.

(5) School districts are encouraged to implement best practices and strategies from the state menus developed under this section and section 106 of this act before the use is required.

NEW SECTION. Sec. 204. A new section is added to chapter 28A.165 RCW to read as follows:

(1) Beginning with the 2014-15 school year, school districts shall record in the statewide individual student data system annual entrance and exit performance data for each student participating in the learning assistance program according to specifications established by the office of the superintendent of public instruction.

(2) By August 1, 2014, and each August 1st thereafter, school districts shall report to the office of the superintendent of public instruction, using a common format prepared by the office:

(a) The amount of academic growth gained by students participating in the learning assistance program;

(b) The number of students who gain at least one year of academic growth; and

(c) The specific practices, activities, and programs used by each school building that received learning assistance program funding.

(3) The office of the superintendent of public instruction shall compile the school district data and report annual and longitudinal gains for the specific practices, activities, and programs used by the school districts to show which are the most effective. The data must be disaggregated by student subgroups.

Sec. 205. RCW 28A.165.055 and 2009 c 548 s 703 are each amended to read as follows:

((Each school district with an approved program is eligible for state funds provided for the learning assistance program.)) The funds for the learning assistance program shall be appropriated ((for the learning assistance program)) in accordance with RCW 28A.150.260 and the omnibus appropriations act. The distribution formula is for school district allocation purposes only, but funds appropriated for the learning assistance program must be expended for the purposes of RCW 28A.165.005 through 28A.165.065 and section 106 of this act.

Sec. 206. RCW 28A.165.065 and 2004 c 20 s 7 are each amended to read as follows:

To ensure that school districts are meeting the requirements of ~~((an approved program))~~ this chapter, the superintendent of public instruction shall monitor ~~((such))~~ learning assistance programs no less than once every four years. ~~((Individual student records shall be maintained at the school district.))~~ The primary purpose of program monitoring is to evaluate the effectiveness of a district's allocation and expenditure of resources and monitor school district fidelity in implementing best practices. The office of the superintendent of public instruction may provide technical

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assistance to school districts to improve the effectiveness of a learning assistance program.

**PART III
STUDENT DISCIPLINE**

NEW SECTION. **Sec. 301.** A new section is added to chapter 28A.600 RCW to read as follows:

(1) The office of the superintendent of public instruction shall convene a discipline task force to develop standard definitions for causes of student disciplinary actions taken at the discretion of the school district. The task force must also develop data collection standards for disciplinary actions that are discretionary and for disciplinary actions that result in the exclusion of a student from school. The data collection standards must include data about education services provided while a student is subject to a disciplinary action, the status of petitions for readmission to the school district when a student has been excluded from school, credit retrieval during a period of exclusion, and school dropout as a result of disciplinary action.

(2) The discipline task force shall include representatives from the K-12 data governance group, the educational opportunity gap oversight and accountability committee, the state ethnic commissions, the governor's office of Indian affairs, the office of the education ombudsman, school districts, and other education and advocacy organizations.

(3) The office of the superintendent of public instruction and the K-12 data governance group shall revise the statewide student data system to incorporate the student discipline data collection standards recommended by the discipline task force, and begin collecting data based on the revised standards in the 2015-16 school year.

Sec. 302. RCW 28A.600.015 and 2006 c 263 s 701 are each amended to read as follows:

(1) The superintendent of public instruction shall adopt and distribute to all school districts lawful and reasonable rules prescribing the substantive and procedural due process guarantees of pupils in the common schools. Such rules shall authorize a school district to use informal due process procedures in connection with the short-term suspension of students to the extent constitutionally permissible: PROVIDED, That the superintendent of public instruction deems the interest of students to be adequately protected. When a student suspension or expulsion is appealed, the rules shall authorize a school district to impose the suspension or expulsion temporarily after an initial hearing for no more than ten consecutive school days or until the appeal is decided, whichever is earlier. Any days that the student is temporarily suspended or expelled before the appeal is decided shall be applied to the term of the student suspension or expulsion and shall not limit or extend the term of the student suspension or expulsion. An expulsion or suspension of a student may not be for an indefinite period of time.

(2) Short-term suspension procedures may be used for suspensions of students up to and including, ten consecutive school days.

(3) Emergency expulsions must end or be converted to another form of corrective action within ten school days from the date of the emergency removal from school. Notice and due process rights must be provided when an emergency expulsion is converted to another form of corrective action.

Sec. 303. RCW 28A.600.020 and 2006 c 263 s 706 are each amended to read as follows:

(1) The rules adopted pursuant to RCW 28A.600.010 shall be interpreted to ensure that the optimum learning atmosphere of the classroom is maintained, and that the highest consideration is given

to the judgment of qualified certificated educators regarding conditions necessary to maintain the optimum learning atmosphere.

(2) Any student who creates a disruption of the educational process in violation of the building disciplinary standards while under a teacher's immediate supervision may be excluded by the teacher from his or her individual classroom and instructional or activity area for all or any portion of the balance of the school day, or up to the following two days, or until the principal or designee and teacher have conferred, whichever occurs first. Except in emergency circumstances, the teacher first must attempt one or more alternative forms of corrective action. In no event without the consent of the teacher may an excluded student return to the class during the balance of that class or activity period or up to the following two days, or until the principal or his or her designee and the teacher have conferred.

(3) In order to preserve a beneficial learning environment for all students and to maintain good order and discipline in each classroom, every school district board of directors shall provide that written procedures are developed for administering discipline at each school within the district. Such procedures shall be developed with the participation of parents and the community, and shall provide that the teacher, principal or designee, and other authorities designated by the board of directors, make every reasonable attempt to involve the parent or guardian and the student in the resolution of student discipline problems. Such procedures shall provide that students may be excluded from their individual classes or activities for periods of time in excess of that provided in subsection (2) of this section if such students have repeatedly disrupted the learning of other students. The procedures must be consistent with the rules of the superintendent of public instruction and must provide for early involvement of parents in attempts to improve the student's behavior.

(4) The procedures shall assure, pursuant to RCW 28A.400.110, that all staff work cooperatively toward consistent enforcement of proper student behavior throughout each school as well as within each classroom.

(5)(a) A principal shall consider imposing long-term suspension or expulsion as a sanction when deciding the appropriate disciplinary action for a student who, after July 27, 1997:

((a)) (i) Engages in two or more violations within a three-year period of RCW 9A.46.120, 28A.320.135, 28A.600.455, 28A.600.460, 28A.635.020, 28A.600.020, 28A.635.060, 9.41.280, or 28A.320.140; or

((b)) (ii) Engages in one or more of the offenses listed in RCW 13.04.155.

(b) The principal shall communicate the disciplinary action taken by the principal to the school personnel who referred the student to the principal for disciplinary action.

(6) Any corrective action involving a suspension or expulsion from school for more than ten days must have an end date of not more than one calendar year from the time of corrective action. Districts shall make reasonable efforts to assist students and parents in returning to an educational setting prior to and no later than the end date of the corrective action. Where warranted based on public health or safety, a school may petition the superintendent of the school district, pursuant to policies and procedures adopted by the office of the superintendent of public instruction, for authorization to exceed the one calendar year limitation provided in this subsection. The superintendent of public instruction shall adopt rules outlining the limited circumstances in which a school may petition to exceed the one calendar year limitation, including safeguards to ensure that the school district has made every effort to plan for the student's return to school. School districts shall report to the office of the superintendent of public instruction the number of petitions made to the school board and the number of petitions

granted on an annual basis.

(7) Nothing in this section prevents a public school district, educational service district, the Washington state center for childhood deafness and hearing loss, or the state school for the blind if it has suspended or expelled a student from the student's regular school setting from providing educational services to the student in an alternative setting or modifying the suspension or expulsion on a case-by-case basis.

Sec. 304. RCW 28A.600.410 and 1992 c 155 s 1 are each amended to read as follows:

The state of Washington excludes tens of thousands of students from school each year due to out-of-school suspensions and expulsions. Out-of-school suspensions and expulsions contribute to poor academic achievement, lower graduation rates, and higher dropout rates. It is the intent of the legislature to minimize the use of out-of-school suspension and expulsion and its impact on student achievement by reducing the number of days that students are excluded from school due to disciplinary action. Student behavior should not result in the loss of educational opportunity in the public school system.

School districts are encouraged to find alternatives to suspension including reducing the length of a student's suspension conditioned by the commencement of counseling or other treatment services. Consistent with current law, the conditioning of a student's suspension does not obligate the school district to pay for the counseling or other treatment services except for those stipulated and agreed to by the district at the inception of the suspension.

Sec. 305. RCW 28A.600.460 and 1997 c 266 s 9 are each amended to read as follows:

(1) School district boards of directors shall adopt policies that restore discipline to the classroom. Such policies must provide for at least the following: Allowing each teacher to take disciplinary action to correct a student who disrupts normal classroom activities, abuses or insults a teacher as prohibited by RCW 28A.635.010, willfully disobeys a teacher, uses abusive or foul language directed at a school district employee, school volunteer, or another student, violates school rules, or who interferes with an orderly education process. Disciplinary action may include but is not limited to: Oral or written reprimands; written notification to parents of disruptive behavior, a copy of which must be provided to the principal.

(2) A student committing an offense under chapter 9A.36, 9A.40, 9A.46, or 9A.48 RCW when the activity is directed toward the teacher, shall not be assigned to that teacher's classroom for the duration of the student's attendance at that school or any other school where the teacher is assigned.

(3) A student who commits an offense under chapter 9A.36, 9A.40, 9A.46, or 9A.48 RCW, when directed toward another student, may be removed from the classroom of the victim for the duration of the student's attendance at that school or any other school where the victim is enrolled. A student who commits an offense under one of the chapters enumerated in this section against a student or another school employee, may be expelled or suspended.

(4) Nothing in this section is intended to limit the authority of a school under existing law and rules to expel or suspend a student for misconduct or criminal behavior.

(5) All school districts must collect data on disciplinary actions taken in each school and must record these actions using the statewide student data system, based on the data collection standards established by the office of the superintendent of public instruction and the K-12 data governance group. The information shall be made available to the public (~~upon request. This collection of~~), but public release of the data shall not include personally identifiable information including, but not limited to, a student's social security number, name, or address.

Sec. 306. RCW 28A.300.046 and 2011 c 288 s 10 are each amended to read as follows:

(1)(a) The superintendent of public instruction shall adopt rules establishing a standard definition of student absence from school. In adopting the definition, the superintendent shall review current practices in Washington school districts, definitions used in other states, and any national standards or definitions used by the national center for education statistics or other national groups. The superintendent shall also consult with the building bridges work group established under RCW 28A.175.075.

(b) Using the definition of student absence adopted under this section, the superintendent shall establish an indicator for measuring student attendance in high schools for purposes of the PASS program under RCW 28A.175.130.

(2)(a) The K-12 data governance group under RCW 28A.300.507 shall establish the parameters and an implementation schedule for statewide collection through the comprehensive education and data research system of: (i) Student attendance data using the definitions of student absence adopted under this section; and (ii) student discipline data with a focus on suspensions and expulsions from school.

(b) (~~At a minimum,~~) Student suspension and expulsion data collected for the purposes of this subsection (2) must be:

(i) Made publicly available and easily accessible on the superintendent of public instruction's web site; and

(ii) Disaggregated and cross-tabulated as established under RCW 28A.300.042.

(c) School districts must collect and submit student attendance data and student discipline data for high school students through the comprehensive education and data research system for purposes of the PASS program under RCW 28A.175.130 beginning in the 2012-13 school year.

Sec. 307. RCW 28A.300.042 and 2009 c 468 s 4 are each amended to read as follows:

(1) All student data-related reports required of the superintendent of public instruction in this title must be disaggregated by at least the following subgroups of students: White, Black, Hispanic, American Indian/Alaskan Native, Asian, Pacific Islander/Hawaiian Native, low income, transitional bilingual, migrant, special education, and students covered by section 504 of the federal rehabilitation act of 1973, as amended (29 U.S.C. Sec. 794).

(2) All student data-related reports required of the superintendent of public instruction regarding student suspensions and expulsions as required in RCW 28A.300.046 are subject to disaggregation by subgroups including:

(a) Gender;

(b) Foster care;

(c) Homeless, if known;

(d) School district;

(e) School;

(f) Grade level;

(g) Behavior infraction code, including:

(i) Bullying;

(ii) Tobacco;

(iii) Alcohol;

(iv) Illicit drug;

(v) Fighting without major injury;

(vi) Violence without major injury;

(vii) Violence with major injury;

(viii) Possession of a weapon; and

(ix) Other behavior resulting from a short-term or long-term suspension, expulsion, or interim alternative education setting intervention;

(h) Intervention applied, including:

(i) Short-term suspension;

(ii) Long-term suspension;

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- (iii) Emergency expulsion;
 - (iv) Expulsion;
 - (v) Interim alternative education settings;
 - (vi) No intervention applied; and
 - (vii) Other intervention applied that is not described in this subsection (2)(h);
 - (i) Number of days a student is suspended or expelled, to be counted in half or full days; and
 - (j) Any other categories added at a future date by the data governance group.
- (3) All student data-related reports required of the superintendent of public instruction regarding student suspensions and expulsions as required in RCW 28A.300.046 are subject to cross-tabulation at a minimum by the following:
- (a) School and district;
 - (b) Race, low income, special education, transitional bilingual, migrant, foster care, homeless, students covered by section 504 of the federal rehabilitation act of 1973, as amended (29 U.S.C. Sec. 794), and categories to be added in the future;
 - (c) Behavior infraction code; and
 - (d) Intervention applied.

NEW SECTION. Sec. 308. A new section is added to chapter 28A.600 RCW to read as follows:

(1) School districts should make efforts to have suspended or expelled students return to an educational setting as soon as possible. School districts should convene a meeting with the student and the student's parents or guardians within twenty days of the student's long-term suspension or expulsion, but no later than five days before the student's enrollment, to discuss a plan to reengage the student in a school program.

(2) In developing a reengagement plan, school districts should consider shortening the length of time that the student is suspended or expelled, other forms of corrective action, and supportive interventions that aid in the student's academic success and keep the student engaged and on track to graduate. School districts must create a reengagement plan tailored to the student's individual circumstances, including consideration of the incident that led to the student's long-term suspension or expulsion. The plan should aid the student in taking the necessary steps to remedy the situation that led to the student's suspension or expulsion.

(3) Any reengagement meetings conducted by the school district involving the suspended or expelled student and his or her parents or guardians are not intended to replace a petition for readmission.

NEW SECTION. Sec. 309. Nothing in chapter . . ., Laws of 2013 2nd sp. sess. (this act) prevents a public school district, law enforcement agencies, or law enforcement personnel from enforcing laws protecting health and human safety.

**PART IV
EDUCATOR SUPPORT PROGRAM**

NEW SECTION. Sec. 401. A new section is added to chapter 28A.415 RCW to read as follows:

(1) The educator support program is established to provide professional development and mentor support for beginning educators and educators on probation under RCW 28A.405.100, to be composed of the beginning educator support team for beginning educators and continuous improvement coaching for educators on probation, as provided in this section.

(2)(a) Subject to funds appropriated for this specific purpose, the office of the superintendent of public instruction shall allocate funds for the beginning educator support team on a competitive basis to individual school districts or consortia of districts. School districts are encouraged to include educational service districts in

creating regional consortia. In allocating funds, the office of the superintendent of public instruction shall give priority to school districts with low-performing schools identified under RCW 28A.657.020 as being challenged schools in need of improvement. A portion of the appropriated funds may be used for program coordination and provision of statewide or regional professional development through the office of the superintendent of public instruction.

(b) A beginning educator support team must include the following components:

(i) A paid orientation or individualized assistance before the start of the school year for beginning educators;

(ii) Assignment of a trained and qualified mentor for the first three years for beginning educators, with intensive support in the first year and decreasing support over the following years depending on the needs of the beginning educator;

(iii) Professional development for beginning educators that is designed to meet their unique needs for supplemental training and skill development;

(iv) Professional development for mentors;

(v) Release time for mentors and their designated educators to work together, as well as time for educators to observe accomplished peers; and

(vi) A program evaluation using a standard evaluation tool provided from the office of the superintendent of public instruction that measures increased knowledge, skills, and positive impact on student learning for program participants.

(3) Subject to funds separately appropriated for this specific purpose, the beginning educator support team components under subsection (2) of this section may be provided for continuous improvement coaching to support educators on probation under RCW 28A.405.100.

Sec. 402. RCW 28A.415.010 and 2006 c 263 s 807 are each amended to read as follows:

It shall be the responsibility of each educational service district board to establish a center for the improvement of teaching. The center shall administer, coordinate, and act as fiscal agent for such programs related to the recruitment and training of certificated and classified K-12 education personnel as may be delegated to the center by the superintendent of public instruction under RCW 28A.310.470. To assist in these activities, each educational service district board shall establish an improvement of teaching coordinating council to include, at a minimum, representatives as specified in RCW 28A.415.040. An existing in-service training task force, established pursuant to RCW 28A.415.040, may serve as the improvement of teaching coordinating council. The educational service district board shall ensure coordination of programs established pursuant to RCW 28A.415.030, 28A.410.060, and ~~((28A.415.250))~~ section 401 of this act.

The educational service district board may arrange each year for the holding of one or more teachers' institutes and/or workshops for professional staff preparation and in-service training in such manner and at such time as the board believes will be of benefit to the teachers and other professional staff of school districts within the educational service district and shall comply with rules of the professional educator standards board pursuant to RCW 28A.410.060 or the superintendent of public instruction ~~((pursuant to RCW 28A.415.250))~~. The board may provide such additional means of teacher and other professional staff preparation and in-service training as it may deem necessary or appropriate and there shall be a proper charge against the educational service district general expense fund when approved by the educational service district board.

Educational service district boards of contiguous educational service districts, by mutual arrangements, may hold joint institutes

and/or workshops, the expenses to be shared in proportion to the numbers of certificated personnel as shown by the last annual reports of the educational service districts holding such joint institutes or workshops.

In local school districts employing more than one hundred teachers and other professional staff, the school district superintendent may hold a teachers' institute of one or more days in such district, said institute when so held by the school district superintendent to be in all respects governed by the provisions of this title and rules relating to teachers' institutes held by educational service district superintendents.

PART V ALTERNATIVE LEARNING EXPERIENCES

Sec. 501. 2011 1st sp.s. c 34 s 1 (uncodified) is amended to read as follows:

(1) Under Article IX of the Washington state Constitution, all children are entitled to an opportunity to receive a basic education. Although the state must assure that students in public schools have opportunities to participate in the instructional program of basic education, there is no obligation for either the state or school districts to provide that instruction using a particular delivery method or through a particular program.

(2) The legislature finds ample evidence of the need to examine and reconsider policies under which alternative learning that occurs outside the classroom using an individual student learning plan may be considered equivalent to full-time attendance in school, including for funding purposes. Previous legislative studies have raised questions about financial practices and accountability in alternative learning experience ~~((programs))~~ courses. Since 2005, there has been significant enrollment growth in alternative learning experience online ~~((programs))~~ courses, with evidence of unexpected financial impact when large numbers of nonresident students enroll in ~~((programs))~~ courses. Based on this evidence, there is a rational basis on which to conclude that there are different costs associated with providing ~~((a program))~~ courses not primarily based on full-time, daily contact between teachers and students and not primarily occurring on-site in a classroom.

(3) For these reasons, the legislature intends to allow for continuing review and revision of the way in which state funding allocations are used to support alternative learning experience ~~((programs))~~ courses.

Sec. 502. RCW 28A.150.325 and 2011 1st sp.s. c 34 s 2 are each amended to read as follows:

(1) ~~((For purposes of this chapter,))~~ The definitions in this subsection apply throughout this chapter unless the context clearly requires otherwise.

(a) "Alternative learning experience ~~((program))~~ course" means a course ~~((or set of courses))~~, or for grades kindergarten through eight grade-level coursework, that is a delivery method for the program of basic education and is:

~~((a))~~ (i) Provided in whole or in part independently from a regular classroom setting or schedule, but may include some components of direct instruction;

~~((b))~~ (ii) Supervised, monitored, assessed, evaluated, and documented by a certificated teacher employed by the school district or under contract as permitted by applicable rules; and

~~((c))~~ (iii) Provided in accordance with a written student learning plan that is implemented pursuant to the school district's policy and rules adopted by the superintendent of public instruction for alternative learning experiences.

(b) "In-person" means face-to-face instructional contact in a physical classroom environment.

(c) "Instructional contact time" means instructional time with a certificated teacher. Instructional contact time must be for the

purposes of actual instruction, review of assignments, testing, evaluation of student progress, or other learning activities or requirements identified in the student's written student learning plan. Instructional contact time must be related to an alternative learning experience course identified in the student's written student learning plan. Instructional contact time may occur in a group setting between the teacher and multiple students and may be delivered either in-person or remotely using technology.

(d) "Online course" means an alternative learning experience course that has the same meaning as provided in RCW 28A.250.010.

(e) "Remote course" means an alternative learning experience course that is not an online course where the student has in-person instructional contact time for less than twenty percent of the total weekly time for the course. No minimum in-person instructional contact time is required.

(f) "Site-based course" means an alternative learning experience course where the student has in-person instructional contact time for at least twenty percent of the total weekly time for the course.

(g) "Total weekly time" means the estimated average hours per school week the student will engage in learning activities to meet the requirements of the written student learning plan.

(2) ((The broad categories of alternative learning experience programs include, but are not limited to:

(a) Online programs as defined in RCW 28A.150.262;

(b) Parent partnership programs that include significant participation and partnership by parents and families in the design and implementation of a student's learning experience; and

(c) Contract-based learning programs)) School districts may claim state funding under section 503 of this act, to the extent otherwise allowed by state law including the provisions of RCW 28A.250.060, for students enrolled in remote, site-based, or online alternative learning experience courses. High school courses must meet district or state graduation requirements and be offered for high school credit.

(3) School districts that offer alternative learning experience ~~((programs))~~ courses may not provide any compensation, reimbursement, gift, reward, or gratuity to any parents, guardians, or students for participation in the courses. School district employees are prohibited from receiving any compensation or payment as an incentive to increase student enrollment of out-of-district students in ~~((an))~~ alternative learning experience ~~((program))~~ courses. This prohibition includes, but is not limited to, providing funds to parents, guardians, or students for the purchase of educational materials, supplies, experiences, services, or technological equipment. A district may purchase educational materials, equipment, or other nonconsumable supplies for students' use in alternative learning experience ~~((programs))~~ courses if the purchase is consistent with the district's approved curriculum, conforms to applicable laws and rules, and is made in the same manner as such purchases are made for students in the district's regular instructional program. Items so purchased remain the property of the school district upon program completion. School districts may not purchase or contract for instructional or cocurricular experiences and services that are included in an alternative learning experience written student learning plan, including but not limited to lessons, trips, and other activities, unless substantially similar experiences and services are available to students enrolled in the district's regular instructional program. School districts that purchase or contract for such experiences and services for students enrolled in an alternative learning experience ~~((program))~~ course must submit an annual report to the office of the superintendent of public instruction detailing the costs and purposes of the expenditures. These requirements extend to contracted providers of alternative learning experience ~~((programs))~~ courses, and each district shall be responsible for monitoring the compliance of its providers with

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these requirements. However, nothing in this ~~(section)~~ subsection shall prohibit school districts from contracting with school district employees to provide services or experiences to students, or from contracting with online providers approved by the office of the superintendent of public instruction pursuant to chapter 28A.250 RCW.

(4) ~~(Part-time enrollment in alternative learning experiences is subject to the provisions of RCW 28A.150.350.~~

(5) The superintendent of public instruction shall adopt rules defining minimum requirements and accountability for alternative learning experience programs) Each school district offering or contracting to offer alternative learning experience courses must:

(a) Report annually to the superintendent of public instruction regarding the course types and offerings, and number of students participating in each;

(b) Document the district of residence for each student enrolled in an alternative learning experience course; and

(c) Beginning in the 2013-14 school year and continuing through the 2016-17 school year, pay costs associated with a biennial measure of student outcomes and financial audit of the district's alternative learning experience courses by the office of the state auditor.

(5) A school district offering or contracting to offer an alternative learning experience course to a nonresident student must inform the resident school district if the student drops out of the course or is otherwise no longer enrolled.

(6) School districts must assess the educational progress of enrolled students at least annually, using, for full-time students, the state assessment for the student's grade level and using any other annual assessments required by the school district. Part-time students must also be assessed at least annually. However, part-time students who are either receiving home-based instruction under chapter 28A.200 RCW or who are enrolled in an approved private school under chapter 28A.195 RCW are not required to participate in the assessments required under chapter 28A.655 RCW. The rules must address how students who reside outside the geographic service area of the school district are to be assessed.

(7) Beginning with the 2013-14 school year, school districts must designate alternative learning experience courses as such when reporting course information to the office of the superintendent of public instruction under RCW 28A.300.500.

(8)(a) The superintendent of public instruction shall adopt rules necessary to implement this section.

(b) Rules adopted for weekly direct personal contact requirements and monthly progress evaluation must be flexible and reflect the needs of the student and the student's individual learning plan rather than specifying an amount of time. In addition, the rules must reduce documentation requirements, particularly for students making satisfactory progress, based on the unique aspects of the alternative learning experience course types defined in this section and taking into consideration the technical and system capabilities associated with the different course types.

(c) The rules must establish procedures that address how the counting of students must be coordinated by resident and nonresident districts for state funding so that no student is counted for more than one full-time equivalent in the aggregate.

NEW SECTION. Sec. 503. The superintendent of public instruction shall separately calculate and allocate moneys appropriated under RCW 28A.150.260 to school districts for each full-time equivalent student enrolled in an alternative learning experience course. The calculation shall be based on the estimated statewide annual average allocation per full-time equivalent student in grades nine through twelve in general education, excluding small high school enhancements, and including applicable rules and provisions of the omnibus appropriations act.

Sec. 504. RCW 28A.250.010 and 2011 1st sp.s. c 34 s 5 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1)(a) "Multidistrict online provider" means:

(i) A private or nonprofit organization that enters into a contract with a school district to provide online courses or programs to K-12 students from more than one school district;

(ii) A private or nonprofit organization that enters into contracts with multiple school districts to provide online courses or programs to K-12 students from those districts; or

(iii) Except as provided in (b) of this subsection, a school district that provides online courses or programs to students who reside outside the geographic boundaries of the school district.

(b) "Multidistrict online provider" does not include a school district online learning program in which fewer than ten percent of the students enrolled in the program are from other districts under the interdistrict student transfer provisions of RCW 28A.225.225. "Multidistrict online provider" also does not include regional online learning programs that are jointly developed and implemented by two or more school districts or an educational service district through an interdistrict cooperative program agreement that addresses, at minimum, how the districts share student full-time equivalency for state basic education funding purposes and how categorical education programs, including special education, are provided to eligible students.

(2)(a) "Online course" means a course or grade-level coursework where:

(i) More than half of the course content is delivered electronically using the internet or other computer-based methods; ~~(and)~~

(ii) More than half of the teaching is conducted from a remote location through an online course learning management system or other online or electronic tools;

(iii) A certificated teacher has the primary responsibility for the student's instructional interaction. Instructional interaction between the teacher and the student includes, but is not limited to, direct instruction, review of assignments, assessment, testing, progress monitoring, and educational facilitation; and

(iv) Students have access to the teacher synchronously, asynchronously, or both.

(b) "Online school program" means a school program that(:

(i) Offers courses or grade-level coursework that is delivered primarily electronically using the internet or other computer-based methods;

(ii) Offers courses or grade-level coursework that is taught by a teacher primarily from a remote location using online or other electronic tools. Students enrolled in an online program may have access to the teacher synchronously, asynchronously, or both;

(iii) offers a sequential set of online courses or grade-level coursework that may be taken in a single school term or throughout the school year in a manner that could provide a full-time basic education program if so desired by the student. Students may enroll in the program as part-time or full-time students(;

(iv) Has an online component of the program with online lessons and tools for student and data management).

(c) An online course or online school program may be delivered to students at school as part of the regularly scheduled school day. An online course or online school program also may be delivered to students, in whole or in part, independently from a regular classroom schedule, but such courses or programs must comply with RCW ~~((28A.150.262))~~ 28A.150.325 (as recodified by this act) and associated rules adopted by the superintendent of public instruction to qualify for state basic education funding.

(3) "Online provider" means any provider of an online course or program, including multidistrict online providers, all school district online learning programs, and all regional online learning programs.

Sec. 505. RCW 28A.250.020 and 2011 1st sp.s. c 34 s 6 are each amended to read as follows:

(1) The superintendent of public instruction, in collaboration with the state board of education, shall develop and implement approval criteria and a process for approving online providers; a process for monitoring and if necessary rescinding the approval of courses or programs offered by an online provider; and an appeals process. The criteria and processes for multidistrict online providers shall be adopted by rule by December 1, 2009.

(2) When developing the approval criteria, the superintendent of public instruction shall require that providers offering online courses or programs have accreditation, or are candidates for accreditation, through the Northwest accreditation commission or another national, regional, or state accreditation program listed by the office of the superintendent of public instruction (~~(after consultation with the Washington coalition for online learning)~~). In addition to other criteria, the approval criteria shall include the degree of alignment with state academic standards and require that all teachers be certificated in accordance with Washington state law. When reviewing online providers that offer high school courses, the superintendent of public instruction shall assure that the courses offered by the provider are eligible for high school credit. However, final decisions regarding whether credit meets the school district's graduation requirements shall remain the responsibility of the school districts.

(3) Initial approval of online providers by the superintendent of public instruction shall be for four years. The superintendent of public instruction shall develop a process for the renewal of approvals and for rescinding approvals based on noncompliance with approval requirements. Any multidistrict online provider that was approved by the digital learning commons or accredited by the Northwest association of accredited schools before July 26, 2009, and that meets the teacher certification requirements of subsection (2) of this section, is exempt from the initial approval process under this section until August 31, 2012, but must comply with the process for renewal of approvals and must comply with approval requirements.

(4) The superintendent of public instruction shall make the first round of decisions regarding approval of multidistrict online providers by April 1, 2010. The first round of decisions regarding approval of online providers that are not multidistrict online providers shall be made by April 1, 2013. Thereafter, the superintendent of public instruction shall make annual approval decisions no later than November 1st of each year.

(5) The superintendent of public instruction shall establish an online learning advisory committee within existing resources that shall provide advice to the superintendent regarding the approval criteria, major components of the web site, the model school district policy, model agreements, and other related matters. The committee shall include a representative of each of the following groups: Private and public online providers, parents of online students, accreditation organizations, educational service districts, school principals, teachers, school administrators, school board members, institutions of higher education, and other individuals as determined by the superintendent. Members of the advisory committee shall be selected by the superintendent based on nominations from statewide organizations, shall serve three-year terms, and may be reappointed. The superintendent shall select the chair of the committee.

Sec. 506. RCW 28A.250.050 and 2011 1st sp.s. c 34 s 11 are each amended to read as follows:

(1) By August 31, 2010, all school district boards of directors shall develop policies and procedures regarding student access to

online courses and online learning programs. The policies and procedures shall include but not be limited to: Student eligibility criteria; the types of online courses available to students through the school district; the methods districts will use to support student success, which may include a local advisor; when the school district will and will not pay course fees and other costs; the granting of high school credit; and a process for students and parents or guardians to formally acknowledge any course taken for which no credit is given. The policies and procedures shall take effect beginning with the 2010-11 school year. School districts shall submit their policies to the superintendent of public instruction by September 15, 2010. By December 1, 2010, the superintendent of public instruction shall summarize the school district policies regarding student access to online courses and submit a report to the legislature.

(2) School districts must award credit and grades for online high school courses successfully completed by a student that meet the school district's graduation requirements and are provided by an approved online provider.

(3) School districts shall provide students with information regarding online courses that are available through the school district. The information shall include the types of information described in subsection (1) of this section.

(4) When developing local or regional online learning programs, school districts shall incorporate into the program design the approval criteria developed by the superintendent of public instruction under RCW 28A.250.020.

Sec. 507. RCW 28A.250.060 and 2011 1st sp.s. c 34 s 8 are each amended to read as follows:

(1) Beginning with the 2011-12 school year, school districts may claim state funding under (~~RCW 28A.150.260~~) section 503 of this act, to the extent otherwise allowed by state law, for students enrolled in online courses or programs only if the online courses or programs are:

(a) Offered by a multidistrict online provider approved under RCW 28A.250.020 by the superintendent of public instruction;

(b) Offered by a school district online learning program if the program serves students who reside within the geographic boundaries of the school district, including school district programs in which fewer than ten percent of the program's students reside outside the school district's geographic boundaries; or

(c) Offered by a regional online learning program where courses are jointly developed and offered by two or more school districts or an educational service district through an interdistrict cooperative program agreement.

(2) Beginning with the 2013-14 school year, school districts may claim state funding under (~~RCW 28A.150.260~~) section 503 of this act, to the extent otherwise allowed by state law, for students enrolled in online courses or programs only if the online courses or programs are offered by an online provider approved under RCW 28A.250.020 by the superintendent of public instruction.

(3) Criteria shall be established by the superintendent of public instruction to allow online courses that have not been approved by the superintendent of public instruction to be eligible for state funding if the course is in a subject matter in which no courses have been approved and, if it is a high school course, the course meets Washington high school graduation requirements.

Sec. 508. RCW 28A.250.070 and 2009 c 542 s 8 are each amended to read as follows:

Nothing in this chapter is intended to diminish the rights of students to attend a nonresident school district in accordance with RCW 28A.225.220 through 28A.225.230 for the purposes of enrolling in online courses or online school programs. The office of online learning under RCW 28A.250.030 shall develop a standard form, which must be used by all school districts, for

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releasing a student to a nonresident school district for the purposes of enrolling in an online course or online school program.

NEW SECTION. Sec. 509. A new section is added to chapter 28A.250 RCW to read as follows:

An online school program may request a waiver from the office of the superintendent of public instruction to administer one or more sections of the statewide student assessment for grades three through eight for some or all students enrolled in the program on alternate days or on an alternate schedule, as long as the administration is within the testing period established by the office. The office may deny a request for a waiver if the online school program's proposal does not maintain adequate test security or would reduce the reliability of the assessment results by providing an inequitable advantage for some students.

Sec. 510. RCW 28A.225.220 and 1995 c 335 s 602 and 1995 c 52 s 2 are each reenacted and amended to read as follows:

(1) Any board of directors may make agreements with adults choosing to attend school, and may charge the adults reasonable tuition.

(2) A district is strongly encouraged to honor the request of a parent or guardian for his or her child to attend a school in another district or the request of a parent or guardian for his or her child to transfer as a student receiving home-based instruction.

(3) A district shall release a student to a nonresident district that agrees to accept the student if:

(a) A financial, educational, safety, or health condition affecting the student would likely be reasonably improved as a result of the transfer; or

(b) Attendance at the school in the nonresident district is more accessible to the parent's place of work or to the location of child care; or

(c) There is a special hardship or detrimental condition; or

(d) The purpose of the transfer is for the student to enroll in an online course or online school program offered by an online provider approved under RCW 28A.250.020.

(4) A district may deny the request of a resident student to transfer to a nonresident district if the release of the student would adversely affect the district's existing desegregation plan.

(5) For the purpose of helping a district assess the quality of its education program, a resident school district may request an optional exit interview or questionnaire with the parents or guardians of a child transferring to another district. No parent or guardian may be forced to attend such an interview or complete the questionnaire.

(6) Beginning with the 1993-94 school year, school districts may not charge transfer fees or tuition for nonresident students enrolled under subsection (3) of this section and RCW 28A.225.225. Reimbursement of a high school district for cost of educating high school pupils of a nonhigh school district shall not be deemed a transfer fee as affecting the apportionment of current state school funds.

Sec. 511. RCW 28A.225.225 and 2013 c 192 s 2 are each amended to read as follows:

(1) Except for students who reside out-of-state and students under RCW 28A.225.217, a district shall accept applications from nonresident students who are the children of full-time certificated and classified school employees, and those children shall be permitted to enroll:

(a) At the school to which the employee is assigned;

(b) At a school forming the district's K through 12 continuum which includes the school to which the employee is assigned; or

(c) At a school in the district that provides early intervention services pursuant to RCW 28A.155.065 or preschool services pursuant to RCW 28A.155.070, if the student is eligible for such services.

(2) A district may reject applications under this section if:

(a) The student's disciplinary records indicate a history of convictions for offenses or crimes, violent or disruptive behavior, or gang membership;

(b) The student has been expelled or suspended from a public school for more than ten consecutive days. Any policy allowing for readmission of expelled or suspended students under this subsection (2)(b) must apply uniformly to both resident and nonresident applicants; ~~((e))~~

(c) Enrollment of a child under this section would displace a child who is a resident of the district, except that if a child is admitted under subsection (1) of this section, that child shall be permitted to remain enrolled at that school, or in that district's kindergarten through twelfth grade continuum, until he or she has completed his or her schooling; or

(d) The student has repeatedly failed to comply with requirements for participation in an online school program, such as participating in weekly direct contact with the teacher or monthly progress evaluations.

(3) A nonhigh district that is participating in an innovation academy cooperative may not accept an application from a high school student that conflicts with RCW 28A.340.080.

(4) Except as provided in subsection (1) of this section, all districts accepting applications from nonresident students or from students receiving home-based instruction for admission to the district's schools shall consider equally all applications received. Each school district shall adopt a policy establishing rational, fair, and equitable standards for acceptance and rejection of applications by June 30, 1990. The policy may include rejection of a nonresident student if:

(a) Acceptance of a nonresident student would result in the district experiencing a financial hardship;

(b) The student's disciplinary records indicate a history of convictions for offenses or crimes, violent or disruptive behavior, or gang membership;

(c) Accepting of the nonresident student would conflict with RCW 28A.340.080; or

(d) The student has been expelled or suspended from a public school for more than ten consecutive days. Any policy allowing for readmission of expelled or suspended students under this subsection (4)(d) must apply uniformly to both resident and nonresident applicants.

For purposes of subsections (2)(a) and (4)(b) of this section, "gang" means a group which: (i) Consists of three or more persons; (ii) has identifiable leadership; and (iii) on an ongoing basis, regularly conspires and acts in concert mainly for criminal purposes.

(5) The district shall provide to applicants written notification of the approval or denial of the application in a timely manner. If the application is rejected, the notification shall include the reason or reasons for denial and the right to appeal under RCW 28A.225.230(3).

Sec. 512. RCW 28A.150.100 and 2011 1st sp.s. c 34 s 10 are each amended to read as follows:

(1) For the purposes of this section and RCW 28A.150.410 and 28A.400.200, "basic education certificated instructional staff" means all full-time equivalent classroom teachers, teacher librarians, guidance counselors, certificated student health services staff, and other certificated instructional staff in the following programs as defined for statewide school district accounting purposes: Basic education, secondary vocational education, general instructional support, and general supportive services.

(2) Each school district shall maintain a ratio of at least forty-six basic education certificated instructional staff to one thousand annual average full-time equivalent students. This requirement does not apply to that portion of a district's annual average full-time

equivalent enrollment that is enrolled in alternative learning experience ((~~programs~~) courses) as defined in RCW 28A.150.325 (as recodified by this act).

Sec. 513. RCW 28A.525.162 and 2012 c 244 s 2 are each amended to read as follows:

(1) Funds appropriated to the superintendent of public instruction from the common school construction fund shall be allotted by the superintendent of public instruction in accordance with this chapter.

(2) No allotment shall be made to a school district until such district has provided local funds equal to or greater than the difference between the total approved project cost and the amount of state funding assistance to the district for financing the project computed pursuant to RCW 28A.525.166, with the following exceptions:

(a) The superintendent of public instruction may waive the local requirement for state funding assistance for districts which have provided funds for school building construction purposes through the authorization of bonds or through the authorization of excess tax levies or both in an amount equivalent to two and one-half percent of the value of its taxable property, as defined in RCW 39.36.015.

(b) No such local funds shall be required as a condition to the allotment of funds from the state for the purpose of making major or minor structural changes to existing school facilities in order to bring such facilities into compliance with the barrier free access requirements of section 504 of the federal rehabilitation act of 1973 (29 U.S.C. Sec. 706) and rules implementing the act.

(3) For the purpose of computing the state funding assistance percentage under RCW 28A.525.166 when a school district is granted authority to enter into contracts, adjusted valuation per pupil shall be calculated using headcount student enrollments from the most recent October enrollment reports submitted by districts to the superintendent of public instruction, adjusted as follows:

(a) In the case of projects for which local bonds were approved after May 11, 1989:

(i) For districts which have been designated as serving high school districts under RCW 28A.540.110, students residing in the nonhigh district so designating shall be excluded from the enrollment count if the student is enrolled in any grade level not offered by the nonhigh district;

(ii) The enrollment of nonhigh school districts shall be increased by the number of students residing within the district who are enrolled in a serving high school district so designated by the nonhigh school district under RCW 28A.540.110, including only students who are enrolled in grade levels not offered by the nonhigh school district; and

(iii) The number of preschool students with disabilities included in the enrollment count shall be multiplied by one-half;

(b) In the case of construction or modernization of high school facilities in districts serving students from nonhigh school districts, the adjusted valuation per pupil shall be computed using the combined adjusted valuations and enrollments of each district, each weighted by the percentage of the district's resident high school students served by the high school district;

(c) The number of kindergarten students included in the enrollment count shall be counted as one headcount student; and

(d) The number of students residing outside the school district who are enrolled in alternative learning experience ((~~programs~~) courses) under RCW 28A.150.325 (as recodified by this act) shall be excluded from the total.

(4) In lieu of the exclusion in subsection (3)(d) of this section, a district may submit an alternative calculation for excluding students enrolled in alternative learning experience ((~~programs~~) courses). The alternative calculation must show the student headcount use of district classroom facilities on a regular basis for a regular duration by out- of-district alternative learning experience ((~~program~~))

students subtracted by the headcount of in-district alternative learning experience ((~~program~~)) students not using district classroom facilities on a regular basis for a reasonable duration. The alternative calculation must be submitted in a form approved by the office of the superintendent of public instruction. The office of the superintendent of public instruction must develop rules to define "regular basis" and "reasonable duration."

(5) The superintendent of public instruction, considering policy recommendations from the school facilities citizen advisory panel, shall prescribe such rules as are necessary to equate insofar as possible the efforts made by school districts to provide capital funds by the means aforesaid.

(6) For the purposes of this section, "preschool students with disabilities" means children of preschool age who have developmental disabilities who are entitled to services under RCW 28A.155.010 through 28A.155.100 and are not included in the kindergarten enrollment count of the district.

Sec. 514. RCW 28A.525.166 and 2012 c 244 s 3 are each amended to read as follows:

Allocations to school districts of state funds provided by RCW 28A.525.162 through 28A.525.180 shall be made by the superintendent of public instruction and the amount of state funding assistance to a school district in financing a school plant project shall be determined in the following manner:

(1) The boards of directors of the districts shall determine the total cost of the proposed project, which cost may include the cost of acquiring and preparing the site, the cost of constructing the building or of acquiring a building and preparing the same for school use, the cost of necessary equipment, taxes chargeable to the project, necessary architects' fees, and a reasonable amount for contingencies and for other necessary incidental expenses: PROVIDED, That the total cost of the project shall be subject to review and approval by the superintendent.

(2) The state funding assistance percentage for a school district shall be computed by the following formula:

The ratio of the school district's adjusted valuation per pupil divided by the ratio of the total state adjusted valuation per pupil shall be subtracted from three, and then the result of the foregoing shall be divided by three plus (the ratio of the school district's adjusted valuation per pupil divided by the ratio of the total state adjusted valuation per pupil).

	District adjusted	Total state	
	3-valuation	÷ adjusted valuation	
Computed	per pupil	per pupil	State
State =	-----		=- % Funding
Ratio	District adjusted	Total state	Assistance
	3+valuation	÷ adjusted valuation	
	per pupil	per pupil	

PROVIDED, That in the event the state funding assistance percentage to any school district based on the above formula is less than twenty percent and such school district is otherwise eligible for state funding assistance under RCW 28A.525.162 through 28A.525.180, the superintendent may establish for such district a state funding assistance percentage not in excess of twenty percent of the approved cost of the project, if the superintendent finds that such additional assistance is necessary to provide minimum facilities for housing the pupils of the district.

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(3) In addition to the computed state funding assistance percentage developed in subsection (2) of this section, a school district shall be entitled to additional percentage points determined by the average percentage of growth for the past three years. One percent shall be added to the computed state funding assistance percentage for each percent of growth, with a maximum of twenty percent.

(4) In computing the state funding assistance percentage in subsection (2) of this section and adjusting the percentage under subsection (3) of this section, students residing outside the school district who are enrolled in alternative learning experience ((~~programs~~) courses under RCW 28A.150.325 (as recodified by this act) shall be excluded from the count of total pupils. In lieu of the exclusion in this subsection, a district may submit an alternative calculation for excluding students enrolled in alternative learning experience ((~~programs~~) courses). The alternative calculation must show the student headcount use of district classroom facilities on a regular basis for a reasonable duration by out-of-district alternative learning experience ((~~program~~) students subtracted by the headcount of in- district alternative learning experience ((~~program~~) students not using district classroom facilities on a regular basis for a reasonable duration. The alternative calculation must be submitted in a form approved by the office of the superintendent of public instruction. The office of the superintendent of public instruction must develop rules to define "regular basis" and "reasonable duration."

(5) The approved cost of the project determined in the manner prescribed in this section multiplied by the state funding assistance percentage derived as provided for in this section shall be the amount of state funding assistance to the district for the financing of the project: PROVIDED, That need therefor has been established to the satisfaction of the superintendent: PROVIDED, FURTHER, That additional state funding assistance may be allowed if it is found by the superintendent, considering policy recommendations from the school facilities citizen advisory panel that such assistance is necessary in order to meet (a) a school housing emergency resulting from the destruction of a school building by fire, the condemnation of a school building by properly constituted authorities, a sudden excessive and clearly foreseeable future increase in school population, or other conditions similarly emergent in nature; or (b) a special school housing burden resulting from projects of statewide significance or imposed by virtue of the admission of nonresident students into educational programs established, maintained and operated in conformity with the requirements of law; or (c) a deficiency in the capital funds of the district resulting from financing, subsequent to April 1, 1969, and without benefit of the state funding assistance provided by prior state assistance programs, the construction of a needed school building project or projects approved in conformity with the requirements of such programs, after having first applied for and been denied state funding assistance because of the inadequacy of state funds available for the purpose, or (d) a condition created by the fact that an excessive number of students live in state owned housing, or (e) a need for the construction of a school building to provide for improved school district organization or racial balance, or (f) conditions similar to those defined under (a), (b), (c), (d), and (e) of this subsection, creating a like emergency.

NEW SECTION. Sec. 515. (1) The office of financial management shall conduct a study, in consultation with, at minimum, one representative each from school districts that administer remote, site- based, and online alternative learning experience courses; the office of the superintendent of public instruction; the Washington state institute for public policy; individuals with expertise in outcome- based public school funding models; a Washington state nonprofit organization with expertise in

alternative learning education; and the legislative evaluation and accountability program committee.

(2) The purpose of the study is to create a proposal for efficiently and sustainably funding alternative learning experience courses and to recommend steps to increase the focus on educational outcomes. The study may recommend the funding method established in section 503 of this act or another method of funding. The study shall review alternative learning funding models used in other states and consider the advantages and disadvantages of applying state policies, including funding policies, differentially depending on the type of alternative learning experience course. The study should also include but not be limited to, recommendations for establishing baseline data regarding alternative learning experience student proficiency and achievement in relation to students in a comparable demographic, identifying outcome targets and methods to measure progress toward targets, identifying methods to ensure ongoing evaluation of outcomes that account for the student demographics being served, and improving alternative learning experience accountability.

(3) The office of financial management shall report its findings from the study to the quality education council by November 1, 2013. The quality education council shall review the findings and make recommendations to the education and fiscal committees of the legislature by December 15, 2013.

NEW SECTION. Sec. 516. RCW 28A.150.262 (Defining full-time equivalent student--Students receiving instruction through alternative learning experience online programs--Requirements) and 2011 1st sp.s. c 34 s 3, 2009 c 542 s 9, & 2005 c 356 s 2 are each repealed.

NEW SECTION. Sec. 517. (1) RCW 28A.150.325 is recodified as a section in chapter 28A.--- RCW (the new chapter created in section 518 of this act).

(2) 2011 1st sp.s. c 34 s 1 is codified as a section in chapter 28A.--- RCW (the new chapter created in section 518 of this act).

NEW SECTION. Sec. 518. Sections 501 and 503 of this act constitute a new chapter in Title 28A RCW.

**PART VI
MISCELLANEOUS**

NEW SECTION. Sec. 601. The following acts or parts of acts are each repealed:

(1) RCW 28A.165.025 (School district program plan) and 2009 c 556 s 1 & 2004 c 20 s 3;

(2) RCW 28A.165.045 (Plan approval process) and 2009 c 556 s 2 & 2004 c 20 s 5;

(3) RCW 28A.415.250 (Teacher assistance program--Provision for mentor teachers) and 2009 c 539 s 5, 1993 c 336 s 401, 1991 c 116 s 19, 1990 c 33 s 403, 1987 c 507 s 1, & 1985 c 399 s 1; and

(4) RCW 28A.415.260 (Pilot program using full-time mentor teachers) and 1998 c 245 s 12 & 1993 c 336 s 402.

NEW SECTION. Sec. 602. Section 503 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

NEW SECTION. Sec. 603. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected."

Correct the title.
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

Senator Dammeier moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5946.

Senators Dammeier, Ranker, Mullet, Frockt and Smith spoke in favor of the motion.

Senator Padden spoke against the motion.

The President declared the question before the Senate to be the motion by Senator Dammeier that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5946.

The motion by Senator Dammeier carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 5946 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5946, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5946, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 46; Nays, 2; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schlicher, Schoesler, Sheldon, Shin, Smith and Tom

Voting nay: Senators Hasegawa and Padden

Excused: Senator Kline

ENGROSSED SUBSTITUTE SENATE BILL NO. 5946, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Fain, the Senate advanced to the sixth order of business.

SECOND READING

SENATE BILL NO. 5882, by Senator Hill

Relating to revenue. Revised for 1st Substitute: Creating, expanding, or extending tax preferences.

MOTION

On motion of Senator Fain, Substitute Senate Bill No. 5882 was substituted for Senate Bill No. 5882 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Fain moved that the following striking amendment by Senator Fain be adopted:

Strike everything after the enacting clause and insert the following:

"PART I Payroll Services

NEW SECTION. Sec. 101. (1) The legislature finds that the supreme court's decision in *William Rogers v. Tacoma*, while clarifying the taxation of temporary staffing agencies, resulted in differing interpretations of regulatory requirements in order to qualify for a pass-through exclusion from Washington B&O taxes for payroll reimbursements made within an affiliated group.

(2) The legislature passed Second Engrossed Substitute Senate Bill No. 6143 during the 2010 legislative session that directed the department of revenue to conduct a review and provide a report on the state's tax policies with respect to the taxation of intercompany transactions. The report affirms that centralized payroll reporting systems can result in an additional layer of tax for Washington businesses. Exclusions for payroll reimbursements allow businesses to have efficient administrative costs without incurring an additional tax obligation resulting exclusively from streamlining payroll processes. Further, this treatment of allowing for an exclusion of payroll cost reimbursements within a centralized payroll system is consistent with historical tax practices of the department of revenue prior to the *William Rogers* decision.

(3) The department of revenue continues to work with taxpayers to study taxation of transactions within and between affiliated business organizations in order to determine the appropriate policies and to identify areas where statutory and regulatory changes may be necessary.

(4) The legislature finds that the tax policy of allowing exclusions for payroll cost reimbursements within a centralized payroll reporting system is appropriate and should be affirmed. The legislature adopts the historical tax policy of allowing exclusions for payroll cost reimbursements within a centralized payroll reporting system of an affiliated group and requires the implementation of such tax policy from the effective date of this section. In affirming this tax policy, the legislature also intends to monitor these transactions to ensure they are being used appropriately and not for tax avoidance purposes and to monitor the potential impact on state revenue collections. The legislature does not intend for part I of this act to retroactively create a right of refund for taxes paid on payroll cost reimbursements prior to the enactment of this statute.

NEW SECTION. Sec. 102. A new section is added to chapter 82.04 RCW to read as follows:

(1) In computing tax there may be deducted from the measure of tax, amounts that a qualified employer of record engaged in providing paymaster services receives from an affiliated business to cover employee costs of a qualified employee. However, no exclusion is allowed under this section for any employee costs incurred in connection with a contractual obligation of the taxpayer to provide services, including staffing services as defined in RCW 82.04.540.

(2) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Affiliated" has the same meaning as provided in RCW 82.32.655(7).

(b) "Employee costs" are the actual cost of wages and salaries, benefits, workers' compensation, payroll taxes, withholding, or other assessments paid to or on behalf of an employee.

(c) "Functional employment relationship" means having control over the work schedule and activities of the employees and control over all employment decisions such as salary, discipline, hiring, or layoffs.

(d) "Paymaster services" means providing payroll and related human resource services.

(e) "Qualified employee" means an employee with whom the affiliated business has a functional employment relationship.

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Neither the employer of record, nor any other affiliate, may have a functional employment relationship with the employee.

(f) "Qualified employer of record" is a person who:

(i) Has no functional employment relationship with a qualified employee; and

(ii) Has no contractual liability with a qualified employee for the employee costs. A qualified employer of record may have statutory or common law liability to the qualified employees or to third parties for employee costs.

(3) Section 1701(1) of this act does not apply to the deduction authorized in this section.

**PART II
Dairy Products**

NEW SECTION. **Sec. 201.** The intent of part II of this act is to incentivize the creation of additional jobs in Washington in the dairy industry and related industries that manufacture dairy-based products. More specifically, it is the intent of part II of this act to encourage infant formula producers to locate new facilities in Washington or expand existing facilities in Washington through an extension of a preferential business and occupation tax rate for dairy producers. It is the further intent of the legislature to provide this tax incentive in a fiscally responsible manner where the actual revenue impact of the legislation substantially conforms with the fiscal estimate provided in the legislation's fiscal note.

Sec. 202. RCW 82.04.260 and 2012 2nd sp.s. c 6 s 602 and 2012 2nd sp.s. c 6 s 204 are each reenacted and amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2015, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c)(i) Beginning July 1, 2015, dairy products ((that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products such as whey and casein; or selling the same)); or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products, such as whey and casein; and

(B) Products comprised of not less than seventy percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d) Beginning July 1, 2015, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied by the rate of 0.138 percent; and

(f) Wood biomass fuel as defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5) Upon every person engaging within this state in the business of acting as a travel agent or tour operator; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign

commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 43.145.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

(ii) 0.2904 percent beginning July 1, 2007.

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing

tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of 0.2904 percent.

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection (11) must file a complete annual report with the department under RCW 82.32.534.

(e) This subsection (11) does not apply on and after July 1, 2024.

(12)(a) Until July 1, 2024, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(b) Until July 1, 2024, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; or (ii) timber products into other timber products or wood products; as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(c) Until July 1, 2024, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; or (iii) wood products manufactured by that person from timber or timber products; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, or wood products multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(d) Until July 1, 2024, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within thirty months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than fifty percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels,

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and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recycled paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual survey with the department under RCW 82.32.585.

(13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.365 percent through June 30, 2013, and beginning July 1, 2013, multiplied by the rate of 0.35 percent.

(b) A person reporting under the tax rate provided in this subsection (14) must file a complete annual report with the department under RCW 82.32.534.

Sec. 203. RCW 82.04.260 and 2012 2nd sp.s. c 6 s 204 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2015, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such

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persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c)(i) Beginning July 1, 2015, dairy products ((that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products such as whey and casein; or selling the same)); or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products, such as whey and casein; and

(B) Products comprised of not less than seventy percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d) Beginning July 1, 2015, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied by the rate of 0.138 percent; and

(f) Wood biomass fuel as defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to

such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5) Upon every person engaging within this state in the business of acting as a travel agent or tour operator; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 43.145.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

(ii) 0.2904 percent beginning July 1, 2007.

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of 0.2904 percent.

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection (11) must file a complete annual report with the department under RCW 82.32.534.

(e) This subsection (11) does not apply on and after July 1, 2024.

(12)(a) Until July 1, 2024, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(b) Until July 1, 2024, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; or (ii) timber products into other timber products or wood products; as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(c) Until July 1, 2024, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; or (iii) wood products manufactured by that person from timber or timber products; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products,

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or wood products multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(d) Until July 1, 2024, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within thirty months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than fifty percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recycled paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual survey with the department under RCW 82.32.585.

(13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both,

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the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.2904 percent.

(b) A person reporting under the tax rate provided in this subsection (14) must file a complete annual report with the department under RCW 82.32.534.

Sec. 204. RCW 82.04.4268 and 2012 2nd sp.s. c 6 s 202 are each amended to read as follows:

(1) (~~(This chapter does not apply to)~~) In computing tax there may be deducted from the measure of tax, the value of products or the gross proceeds of sales derived from:

(a) Manufacturing dairy products; or

(b) Selling ~~((manufactured dairy products to purchasers who transport in the ordinary course of business the goods out of this state))~~ dairy products manufactured by the seller to purchasers who either transport in the ordinary course of business the goods out of this state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product. A person taking an exemption under this subsection (1)(b) must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(2) "Dairy products" ((means dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts from the manufacturing of the dairy products such as whey and casein)) has the same meaning as provided in RCW 82.04.260.

(3) A person claiming the exemption provided in this section must file a complete annual survey with the department under RCW 82.32.585.

(4) This section expires July 1, 2015.

PART III Honey Beekeepers

NEW SECTION. **Sec. 301.** (1) The legislature finds that in 2008 the legislature passed Second Substitute Senate Bill No. 6468, which provided temporary tax relief for honey beekeepers. The legislature further finds that the 2008 legislation included the following intent language: "The legislature finds that recent occurrences of colony collapse disorder and the resulting loss of bee hives will have an economic impact on the state's agricultural sector. The legislature intends to provide temporary business and occupation tax relief for Washington's apiarists." The legislature further finds that in 2013, colony collapse disorder is still a significant problem for the apiary industry.

(2) Because of the continuing problems associated with colony collapse disorder, it is the legislature's intent to extend the tax relief provided in the 2008 legislation, subject to a rigorous and periodic review of the health of honey bee colonies in Washington to determine whether colony collapse disorder is still a significant problem in the apiary industry. It is the legislature's intent that the tax relief provided in part III of this act will not be extended when data indicates that honey bee colony survivorship has improved, as provided in the colony collapse disorder progress report, published annually by the United States department of agriculture, and data provided by the Washington state department of agriculture to the joint legislative audit and review committee.

NEW SECTION. **Sec. 302.** A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of feed to an eligible apiarist for use in the raising of a bee colony used to make honey bee products.

(2) This exemption is available only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department.

(3) The definitions in RCW 82.04.629 apply to this section.

(4) This section expires July 1, 2017.

NEW SECTION. Sec. 303. A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply with respect to the use of feed to an eligible apiarist for use in the raising of a bee colony used to make honey bee products.

(2) The definitions in RCW 82.04.629 apply to this section.

(3) This section expires July 1, 2017.

NEW SECTION. Sec. 304. A new section is added to chapter 43.136 RCW to read as follows:

(1) As part of the joint legislative audit and review committee's tax preference review under this chapter for the tax preferences contained within part III of this act, the joint legislative audit and review committee must also evaluate whether Washington state taxes are a disproportionately large percentage of a commercial beekeeper's operational or capital costs, including an analysis of the impact of Washington state taxes on similar sized businesses.

(2) This section expires July 1, 2017.

NEW SECTION. Sec. 305. (1) The department of agriculture must convene a honey bee work group to address challenges facing the honey bee industry and to develop a report outlining solutions that bolster the use of Washington honey bee colonies used to pollinate tree fruits, berries, and seeds. The work group must include the following members: Two members from the Washington state beekeepers association; one apiarist as defined in RCW 15.60.005 with no less than one thousand hives; one apiarist as defined in RCW 15.60.005 with no more than twenty-five hives; one member from the Washington State University apiary lab; one member from the Washington state department of agriculture; one member from the tree fruit industry; and one member from the seed industry.

(2) The work group may include or seek input from other agencies, organizations, or stakeholders. By December 31, 2014, and in compliance with RCW 43.01.036, the department must submit the work group's report to the legislature that includes the following: (a) Proposed changes to the industry's tax structure to increase competitiveness with out-of-state beekeepers for pollination contracts; (b) providing analytics and metrics to measure the value of the proposed tax structure changes; (c) proposed additional resources needed to continue applied and basic research to support commercial beekeepers in the state and to recover colony losses; (d) identifying colony levels needed to meet the pollination demands of the Washington agricultural industry; (e) identifying other policy changes that would increase the competitiveness of Washington beekeepers; (f) other industry needs that would increase the market share of pollination contracts awarded to Washington beekeepers; and (g) metrics needed to provide accountability for state resources invested in the honey bee industry.

(3) This section expires July 1, 2017.

Sec. 306. RCW 82.04.629 and 2008 c 314 s 2 are each amended to read as follows:

(1) This chapter does not apply to amounts derived from the wholesale sale of honey bee products by an eligible apiarist who owns or keeps bee colonies and who does not qualify for an exemption under RCW 82.04.330 in respect to such sales.

(2) The exemption provided in subsection (1) of this section does not apply to any person selling such products at retail or to any person selling manufactured substances or articles.

(3) The definitions in this subsection apply ~~((t))~~ throughout this section unless the context clearly requires otherwise.

(a) "Bee colony" means a natural group of honey bees containing seven thousand or more workers and one or more

queens, housed in a man-made hive with movable frames, and operated as a beekeeping unit.

(b) "Eligible apiarist" means a person who owns or keeps one or more bee colonies and who grows, raises, or produces honey bee products for sale at wholesale and is registered under RCW 15.60.021.

(c) "Honey bee products" means queen honey bees, packaged honey bees, honey, pollen, bees wax, propolis, or other substances obtained from honey bees. "Honey bee products" does not include manufactured substances or articles.

(4) This section expires July 1, 2017.

Sec. 307. RCW 82.04.630 and 2008 c 314 s 3 are each amended to read as follows:

(1) This chapter does not apply to amounts received by an eligible apiarist, as defined in RCW 82.04.629, for providing bee pollination services to a farmer using a bee colony owned or kept by the person providing the pollination services.

(2) The definitions in RCW 82.04.213 apply to this section.

(3) This section expires July 1, 2017.

Sec. 308. RCW 82.08.0204 and 2008 c 314 s 4 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to the sale of honey bees to an eligible apiarist, as defined in RCW 82.04.629. This exemption is available only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department.

(2) This section expires July 1, 2017.

Sec. 309. RCW 82.12.0204 and 2008 c 314 s 5 are each amended to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of honey bees by an eligible apiarist, as defined in RCW 82.04.629. This exemption is available only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department.

(2) This section expires July 1, 2017.

NEW SECTION. Sec. 310. 2008 c 314 s 7 (uncodified) is repealed.

PART IV Clay Targets

NEW SECTION. Sec. 401. The legislature intends for the tax preferences in sections 402 and 403 of this act to be temporary in order for the legislature to assess the actual fiscal impact of the tax preferences to ensure that they reasonably conform with the fiscal estimate provided in the legislation's fiscal note. It is not the legislature's intent to establish a broad policy of providing sales and use tax exemptions for business consumables used by businesses in the provision of services to customers.

NEW SECTION. Sec. 402. A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of clay targets purchased by a nonprofit gun club for use in providing the activity of clay target shooting for a fee.

(2) The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files. For sellers who electronically file their taxes, the department must provide a separate tax reporting line for exemption amounts claimed under this section.

(3) This section expires July 1, 2017.

NEW SECTION. Sec. 403. A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply with respect to the use by a nonprofit gun club of clay targets that are provided while conducting the activity of clay target shooting for a fee.

(2) This section expires July 1, 2017.

**PART V
Products that Impart Flavor to Food**

NEW SECTION. Sec. 501. The intent of part V of this act is to provide tax relief to restaurants for business inputs that cannot be reused and are consumed for a specific purpose during the cooking process. More specifically, it is the intent of part V of this act to provide a sales and use tax exemption for specific items used in the cooking process that impart flavor and therefore are similar to an ingredient added to a final product that is sold to the consumer. It is also the intent of the legislature to provide this tax preference in a fiscally responsible manner where the actual revenue impact of the legislation substantially conforms with the fiscal estimate provided in the legislation's fiscal note. Therefore, the legislature intends for this tax preference to be temporary so the legislature can assess the actual fiscal impact of the tax preference and whether the tangible personal property subject to the exemption is being used in a manner consistent with an ingredient or component that becomes part of a product sold to a final consumer.

NEW SECTION. Sec. 502. A new section is added to chapter 82.08 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, the tax levied by RCW 82.08.020 does not apply to sales to restaurants of products that impart flavor to food during the cooking process and that:

(a) Are completely or substantially consumed by combustion during the cooking process, such as wood chips, charcoal, charcoal briquettes, and grape vines; or

(b) Support the food during the cooking process and are comprised entirely of wood, such as cedar grilling planks.

(2) The exemption provided by this section does not apply to any type of gas fuel.

(3) Sellers making tax-exempt sales under this section must obtain an exemption certificate from the buyer in a form and manner prescribed by the department. The seller must retain a copy of the exemption certificate for the seller's files. In lieu of an exemption certificate, a seller may capture the relevant data elements as allowed under the streamlined sales and use tax agreement. For sellers who electronically file their taxes, the department must provide a separate tax reporting line for exemption amounts claimed under this section.

(4) For purposes of this subsection, "restaurant" has the same meaning as provided in RCW 82.08.9995.

(5) This section expires July 1, 2017.

NEW SECTION. Sec. 503. A new section is added to chapter 82.12 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, the provisions of this chapter do not apply to restaurants with respect to the use of products that impart flavor to food during the cooking process and that:

(a) Are completely or substantially consumed by combustion during the cooking process, such as wood chips, charcoal, charcoal briquettes, and grape vines; or

(b) Support the food during the cooking process and are comprised entirely of wood, such as cedar grilling planks.

(2) The exemption provided by this section does not apply to any type of gas fuel.

(3) For purposes of this subsection, "restaurant" has the same meaning as provided in RCW 82.08.9995.

(4) This section expires July 1, 2017.

**PART VI
Cooperative Finance Organizations**

NEW SECTION. Sec. 601. (1) The intent of part VI of this act is to provide tax relief for customers of rural electric cooperatives by providing a business and occupation tax deduction for interest income on loans made by certain finance organizations to rural electric cooperatives. It is the further intent of the legislature to provide this tax deduction in a fiscally responsible manner where the actual revenue impact of the legislation substantially conforms with the fiscal estimate provided in the legislation's fiscal note.

(2) To measure the effectiveness of this tax preference in meeting its policy objectives, the joint legislative audit and review committee shall specifically evaluate customer rates charged by rural electric cooperatives that are repaying debt to the national rural utilities cooperative finance organization, or any similar financing organization, and the impact the business and occupation deduction provided under part VI of this act has had on those rates.

NEW SECTION. Sec. 602. A new section is added to chapter 82.04 RCW to read as follows:

(1) In computing tax there may be deducted from the measure of tax, amounts received by a cooperative finance organization where the amounts are derived from loans to rural electric cooperatives or other nonprofit or governmental providers of utility services organized under the laws of this state.

(2) For the purposes of this section, the following definitions apply:

(a) "Cooperative finance organization" means a nonprofit organization with the primary purpose of providing, securing, or otherwise arranging financing for rural electric cooperatives.

(b) "Rural electric cooperative" means a nonprofit, customer-owned organization that provides utility services to rural areas.

(3) This section expires July 1, 2017.

NEW SECTION. Sec. 603. Section 602 of this act applies to amounts received on or after October 1, 2013.

**PART VII
Investment Data for Investment Firms**

NEW SECTION. Sec. 701. (1) The legislature finds that in 2007, Engrossed Substitute House Bill No. 1981 was enacted into law, which provided a sales tax exemption for electronically delivered standard financial information if the sales were to an investment management company or financial institution. The legislature further finds that in 2009 and 2010, Engrossed Substitute House Bill No. 2075 and Substitute House Bill No. 2620 were passed, to address the taxation of electronically delivered products. The legislature further finds that this legislation imposed sales and use tax on most digital services, goods, and prewritten software, but provided a broad business exemption for digital goods. The legislature further finds that the sales tax exemption for standard financial information from the 2007 legislation was eliminated because it was believed that the broader business exemption in Engrossed Substitute House Bill No. 2075 covered these transactions. The legislature further finds that the method of transmission of data by data providers to investment management companies has evolved over time where data providers add search tools to their web-based data, which makes it subject to sales tax.

(2) The legislature's intent under part VII of this act is to conform with a previously determined policy objective of exempting certain standard financial information purchased by international investment management companies from sales and use tax on the understanding that the fiscal impact is minimal. Therefore, it is the legislature's further intent to reevaluate the exemption in three years to ensure that actual fiscal impact on state

revenues reasonably conforms with the fiscal estimate in the fiscal note for this legislation.

NEW SECTION. Sec. 702. A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax imposed by RCW 82.08.020 does not apply to sales of standard financial information to qualifying international investment management companies. The exemption provided in this section applies regardless of whether the standard financial information is provided to the buyer in a tangible format or on a tangible storage medium or as a digital product transferred electronically.

(2) Sellers making tax-exempt sales under this section must obtain an exemption certificate from the buyer in a form and manner prescribed by the department. The seller must retain a copy of the exemption certificate for the seller's files. In lieu of an exemption certificate, a seller may capture the relevant data elements as allowed under the streamlined sales and use tax agreement. For sellers who electronically file their taxes, the department must provide a separate tax reporting line for exemption amounts claimed under this section.

(3) A buyer may not continue to claim the exemption under this section once the buyer has purchased standard financial information during the current calendar year with an aggregate total selling price in excess of fifteen million dollars and an exemption has been claimed under this section or section 703 of this act for such standard financial information. The fifteen million dollar limitation under this subsection does not apply to any other exemption under this chapter that applies to standard financial information. Sellers are not responsible for ensuring a buyer's compliance with the fifteen million dollar limitation under this subsection. Sellers may not be assessed for uncollected sales tax on a sale to a buyer claiming an exemption under this section after having exceeded the fifteen million dollar limitation under this subsection, except as provided in RCW 82.08.050 (4) and (5).

(4) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a)(i) "Qualifying international investment management company" means a person:

(A) Who is primarily engaged in the business of providing investment management services; and

(B) Who has gross income that is at least ten percent derived from providing investment management services to:

(I) Persons or collective investment funds residing outside the United States; or

(II) Collective investment funds with at least ten percent of their investments located outside the United States.

(ii) The definitions in RCW 82.04.293 apply to this subsection (4)(a).

(b)(i) "Standard financial information" means financial data, facts, or information, or financial information services, not generated, compiled, or developed only for a single customer. Standard financial information includes, but is not limited to, financial market data, bond ratings, credit ratings, and deposit, loan, or mortgage reports.

(ii) For purposes of this subsection (4)(b), "financial market data" means market pricing information, such as for securities, commodities, and derivatives; corporate actions for publicly and privately traded companies, such as dividend schedules and reorganizations; corporate attributes, such as domicile, currencies used, and exchanges where shares are traded; and currency information.

(5) This section expires July 1, 2021.

NEW SECTION. Sec. 703. A new section is added to chapter 82.12 RCW to read as follows:

(1) The tax imposed by RCW 82.12.020 does not apply to the use of standard financial information by qualifying international

investment management companies. The exemption provided in this section applies regardless of whether the standard financial information is in a tangible format or resides on a tangible storage medium or is a digital product transferred electronically to the qualifying international investment management company.

(2) The definitions, conditions, and requirements in section 702 of this act apply to this section.

(3) This section expires July 1, 2021.

PART VIII Dancing

NEW SECTION. Sec. 801. It is the intent of part VIII of this act to provide a sales tax exemption for cover charges to patrons at establishments that provide the opportunity to dance. The intent is to provide tax relief to businesses who have been reporting the income for cover charges under the service and other classification, but not intending to avoid their tax obligation of collecting retail sales tax because of department and taxpayer confusion regarding the appropriate tax treatment of this income. To ensure proper tax reporting in the future by businesses who provide the opportunity to dance, the legislature intends to review the tax preference and its actual fiscal impact on state revenues to determine if the fiscal impact to state revenues reasonably conforms with the fiscal estimate in the fiscal note for this legislation.

Sec. 802. RCW 82.04.050 and 2011 c 174 s 202 are each amended to read as follows:

(1)(a) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who:

(i) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person, but a purchase for the purpose of resale by a regional transit authority under RCW 81.112.300 is not a sale for resale; or

(ii) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(iii) Purchases for the purpose of consuming the property purchased in producing for sale as a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(iv) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(v) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or

(vi) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

(b) The term includes every sale of tangible personal property that is used or consumed or to be used or consumed in the performance of any activity defined as a "sale at retail" or "retail

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sale" even though such property is resold or used as provided in (a)(i) through (vi) of this subsection following such use.

(c) The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1) (a), (b), and (g), 82.04.290, and 82.04.2908.

(2) The term "sale at retail" or "retail sale" includes the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of self-service laundry facilities, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and also includes the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The constructing, repairing, or improving of any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The cleaning, fumigating, razing, or moving of existing buildings or structures, but does not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" means those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) Automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

(f) The furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it is presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it is presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection may be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section may be construed to modify this subsection.

(3) The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

(a)(i) Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, ski lifts and tows, day trips for sightseeing purposes, and others, when provided to consumers.

(ii) Until July 1, 2017, amusement and recreation services do not include the opportunity to dance provided by an establishment in exchange for a cover charge.

(iii) For purposes of this subsection (3)(a):

(A) "Cover charge" means a charge, regardless of its label, to enter an establishment or added to the purchaser's bill by an establishment or otherwise collected after entrance to the establishment, and the purchaser is provided the opportunity to dance in exchange for payment of the charge.

(B) "Opportunity to dance" means that an establishment provides a designated physical space, on either a temporary or permanent basis, where customers are allowed to dance and the establishment either advertises or otherwise makes customers aware that it has an area for dancing;

(b) Abstract, title insurance, and escrow services;

(c) Credit bureau services;

(d) Automobile parking and storage garage services;

(e) Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

(f) Service charges associated with tickets to professional sporting events; and

(g) The following personal services: Physical fitness services, tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services.

(4)(a) The term also includes the renting or leasing of tangible personal property to consumers.

(b) The term does not include the renting or leasing of tangible personal property where the lease or rental is for the purpose of sublease or subrent.

(5) The term also includes the providing of "competitive telephone service," "telecommunications service," or "ancillary services," as those terms are defined in RCW 82.04.065, to consumers.

(6)(a) The term also includes the sale of prewritten computer software to a consumer, regardless of the method of delivery to the end user. For purposes of this subsection (6)(a), the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

The term "retail sale" does not include the sale of or charge made for:

(i) Custom software; or

(ii) The customization of prewritten computer software.

(b)(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in (b)(i) of this subsection (6) includes the right to access and use prewritten computer software to perform data processing.

(B) For purposes of this subsection (6)(b)(ii), "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(7) The term also includes the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement. For purposes of this subsection, "sales price" has the same meaning as in RCW 82.08.010.

(8)(a) The term also includes the following sales to consumers of digital goods, digital codes, and digital automated services:

(i) Sales in which the seller has granted the purchaser the right of permanent use;

(ii) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(iii) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(iv) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(b) A retail sale of digital goods, digital codes, or digital automated services under this subsection (8) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(c) For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(9) The term also includes the charge made for providing tangible personal property along with an operator for a fixed or indeterminate period of time. A consideration of this is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (9), an operator must do more than maintain, inspect, or set up the tangible personal property.

(10) The term does not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(11) The term also does not include sales of chemical sprays or washes to persons for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, nor does it include sales of feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials to:

(a) Persons who participate in the federal conservation reserve

program, the environmental quality incentives program, the wetlands reserve program, and the wildlife habitat incentives program, or their successors administered by the United States department of agriculture; (b) farmers for the purpose of producing for sale any agricultural product; and (c) farmers acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife to produce or improve wildlife habitat on land that the farmer owns or leases.

(12) The term does not include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor does the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor does the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

(13) The term does not include the sale of or charge made for labor, services, or tangible personal property pursuant to agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the labor, services, or tangible personal property, and a transit agency, as defined in RCW 81.104.015, performs the labor or services.

(14) The term does not include the sale for resale of any service described in this section if the sale would otherwise constitute a "sale at retail" and "retail sale" under this section.

PART IX Solar Extension

NEW SECTION. Sec. 901. (1) The legislature finds that to attract and maintain clean energy technology manufacturing businesses, a competitive business climate is crucial. The legislature further finds that specific tax preferences can facilitate a positive business climate in Washington. The legislature further finds that businesses in the solar silicon industry have had to reduce employment due to global conditions. Therefore, the legislature intends to extend a preferential business and occupation tax rate to manufacturers and wholesalers of specific solar energy material and parts to maintain and grow jobs in the solar silicon industry.

(2) The joint legislative audit and review committee, as part of its tax preference review process, must assess the actual fiscal impact of this tax preference in relation to the fiscal estimate for the tax preference and assess changes in employment for firms claiming the preferential tax rate.

Sec. 902. RCW 82.04.294 and 2011 c 179 s 1 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing solar energy systems using photovoltaic modules or sterling converters, or of manufacturing solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of such systems; as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.275 percent.

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(2) Upon every person engaging within this state in the business of making sales at wholesale of solar energy systems using photovoltaic modules or stirling converters, or of solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of such systems, manufactured by that person; as to such persons the amount of tax with respect to such business is equal to the gross proceeds of sales of the solar energy systems using photovoltaic modules or stirling converters, or of the solar grade silicon to be used exclusively in components of such systems, multiplied by the rate of 0.275 percent.

(3) Silicon solar wafers, silicon solar cells, thin film solar devices, solar grade silicon, or compound semiconductor solar wafers are "semiconductor materials" for the purposes of RCW 82.08.9651 and 82.12.9651.

(4) The definitions in this subsection apply throughout this section.

(a) "Compound semiconductor solar wafers" means a semiconductor solar wafer composed of elements from two or more different groups of the periodic table.

(b) "Module" means the smallest nondivisible self-contained physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

(c) "Photovoltaic cell" means a device that converts light directly into electricity without moving parts.

(d) "Silicon solar cells" means a photovoltaic cell manufactured from a silicon solar wafer.

(e) "Silicon solar wafers" means a silicon wafer manufactured for solar conversion purposes.

(f) "Solar energy system" means any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

(g) "Solar grade silicon" means high-purity silicon used exclusively in components of solar energy systems using photovoltaic modules to capture direct sunlight. "Solar grade silicon" does not include silicon used in semiconductors.

(h) "Stirling converter" means a device that produces electricity by converting heat from a solar source utilizing a stirling engine.

(i) "Thin film solar devices" means a nonparticipating substrate on which various semiconducting materials are deposited to produce a photovoltaic cell that is used to generate electricity.

(5) A person reporting under the tax rate provided in this section must file a complete annual (~~report~~) survey with the department under RCW (~~(82.32.534)~~) 82.32.585.

(6) This section expires June 30, (~~(2014)~~) 2017.

**PART X
Hog Fuel**

NEW SECTION. Sec. 1001. It is the intent of the legislature to retain and grow family wage jobs in rural, economically distressed areas; to promote healthy forests; and to utilize Washington's abundant natural resources to promote diversified renewable energy use in the state.

Sec. 1002. RCW 82.08.956 and 2009 c 469 s 301 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of hog fuel used to produce electricity, steam, heat, or biofuel. This exemption is available only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(2) For the purposes of this section the following definitions apply:

(a) "Hog fuel" means wood waste and other wood residuals including forest derived biomass. "Hog fuel" does not include firewood or wood pellets; and

(b) "Biofuel" has the same meaning as provided in RCW 43.325.010.

(3) If a taxpayer who claimed an exemption under this section closes a facility in Washington for which employment positions were reported under section 1004 of this act, resulting in a loss of jobs located within the state, the department must declare the amount of the tax exemption claimed under this section for the previous two calendar years to be immediately due.

(4) This section expires June 30, (~~(2013)~~) 2024.

Sec. 1003. RCW 82.12.956 and 2009 c 469 s 302 are each amended to read as follows:

(1) The provisions of this chapter do not apply with respect to the use of hog fuel for production of electricity, steam, heat, or biofuel.

(2) For the purposes of this section:

(a) "Hog fuel" has the same meaning as provided in RCW 82.08.956; and

(b) "Biofuel" has the same meaning as provided in RCW 43.325.010.

(3) This section expires June 30, (~~(2013)~~) 2024.

NEW SECTION. Sec. 1004. A new section is added to chapter 82.32 RCW to read as follows:

(1) Every taxpayer claiming an exemption under RCW 82.08.956 or 82.12.956 must file with the department a complete annual survey as required under RCW 82.32.585, except that the taxpayer must file a separate survey for each facility owned or operated in the state of Washington.

(2) This section expires June 30, 2024.

NEW SECTION. Sec. 1005. A new section is added to chapter 43.136 RCW to read as follows:

(1) The intent of the tax exemption provided in RCW 82.08.956 and 82.12.956 is to promote the retention of relatively high wage jobs in the counties where facilities who purchase and use hog fuel are located. Specifically, in a time when there is increasing pressure to close industrial facilities like mills and relocate this economic activity out of state or overseas, rural areas of the state are at risk of losing critical jobs that directly, or indirectly, support entire communities. The legislature, in enacting the hog fuel tax exemption, hopes to retain seventy five percent of the jobs at each facility in the state at which the exemption is claimed, between now and June 30, 2024.

(2) The joint legislative audit and review committee must review the performance through July 1, 2018, of the tax preferences established in RCW 82.08.956 and 82.12.956, and prepare a report to the legislature by October 31, 2019.

(3) The department of revenue must provide the committee with annual survey information and any other tax data necessary to conduct the review required in subsection (2) of this section. The employment security department and other agencies, as requested, must cooperate with the committee by providing information about the average wage of employment in the county where each facility owned or operated by a company claiming the exemption is located. The report is not limited to, but must include, the following information:

(a) Identification of the baseline number of jobs existing as of January 1, 2013, in facilities where the preference has been claimed, as well as related wage and benefit information;

(b) Identification of how the number of jobs at these facilities has changed during the duration of the credit;

(c) Analysis of how the wages provided to employees at affected facilities compare to the average wages in the county in which the facility is located;

(d) Analysis of how the benefits, including medical and other health care benefits, provided to employees at affected facilities compare to the average wages in the county in which the facility is located; and

(e) Whether and to what extent the goal has been achieved, of retaining seventy-five percent of employment at the facilities at which the exemption has been claimed.

(4) This section expires June 30, 2024.

PART XI Large Airplanes

NEW SECTION. Sec. 1101. (1) The legislature intends to promote the economic development of our state's aerospace cluster and increase the tax revenues collected by the state through promoting a competitive marketplace for storing and modifying unfurnished, noncommercial aircraft. The legislature finds that Washington is currently losing these types of jobs to other states, resulting in the loss of high-wage jobs and new tax revenue. Further, the legislature finds that the current tax statutes are an impediment to encouraging the development of aerospace clusters in our state. Therefore, the legislature intends to modify our state's tax policy to encourage aerospace cluster development within the state and increase tax revenues.

(2) The joint legislative audit and review committee, as part of its tax preference review process, must estimate the net impact on state tax revenues by comparing the decrease in state revenues resulting from the changes made in part XI of this act to the additional tax revenues generated from the direct, indirect, and induced economic impacts from those changes. The committee must also, to the extent practicable, estimate job growth in the aerospace cluster resulting from the changes made in part XI of this act. The committee must conduct its tax preference review of part XI of this act during calendar year 2016 and report its findings and recommendations to the legislature by January 1, 2017.

Sec. 1102. RCW 47.68.250 and 2003 c 375 s 4 are each amended to read as follows:

(1) Every aircraft ~~((shall))~~ must be registered with the department for each calendar year in which the aircraft is operated or is based within this state. A fee of fifteen dollars ~~((shall be))~~ is charged for each such registration and each annual renewal thereof.

(2) Possession of the appropriate effective federal certificate, permit, rating, or license relating to ownership and airworthiness of the aircraft, and payment of the excise tax imposed by Title 82 RCW for the privilege of using the aircraft within this state during the year for which the registration is sought, and payment of the registration fee required by this section ~~((shall be))~~ are the only requisites for registration of an aircraft under this section.

(3) The registration fee imposed by this section ~~((shall be))~~ is payable to and collected by the secretary. The fee for any calendar year must be paid during the month of January, and ~~((shall))~~ must be collected by the secretary at the time of the collection by him or her of the ~~((said))~~ excise tax. If the secretary is satisfied that the requirements for registration of the aircraft have been met, he or she ~~((shall thereupon))~~ must issue to the owner of the aircraft a certificate of registration therefor. The secretary ~~((shall))~~ must pay to the state treasurer the registration fees collected under this section, which registration fees ~~((shall))~~ must be credited to the aeronautics account in the transportation fund.

(4) It ~~((shall))~~ is not ~~((be))~~ necessary for the registrant to provide the secretary with originals or copies of federal certificates, permits, ratings, or licenses. The secretary ~~((shall))~~ must issue certificates of registration, or such other evidences of registration or payment of fees as he or she may deem proper; and in connection therewith may prescribe requirements for the possession and exhibition of such certificates or other evidences.

(5) The provisions of this section ~~((shall))~~ do not apply to:

~~((4))~~ (a) An aircraft owned by and used exclusively in the service of any government or any political subdivision thereof, including the government of the United States, any state, territory, or possession of the United States, or the District of Columbia, which is not engaged in carrying persons or property for commercial purposes;

~~((2))~~ (b) An aircraft registered under the laws of a foreign country;

~~((3))~~ (c) An aircraft ~~((which))~~ that is owned by a nonresident ~~((and registered in another state: PROVIDED, That if said aircraft shall remain in and/or be based in this state for a period of ninety days or longer it shall not be exempt under this section))~~ if:

(i) The aircraft remains in this state or is based in this state, or both, for a period less than ninety days; or

(ii) The aircraft is a large private airplane as defined in section 1103 of this act and remains in this state for a period of ninety days or longer, but only when:

(A) The airplane is in this state exclusively for the purpose of repairs, alterations, or reconstruction, including any flight testing related to the repairs, alterations, or reconstruction, or for the purpose of continual storage of not less than one full calendar year;

(B) An employee of the facility providing these services is on board the airplane during any flight testing; and

(C) Within ninety days of the date the airplane first arrived in this state during the calendar year, the nonresident files a written statement with the department indicating that the airplane is exempt from registration under this subsection (5)(c)(i). The written statement must be filed in a form and manner prescribed by the department and must include such information as the department requires. The department may require additional periodic verification that the airplane remains exempt from registration under this subsection (5)(c)(ii) and that written statements conform with the provisions of RCW 9A.72.085;

~~((4))~~ (d) An aircraft engaged principally in commercial flying constituting an act of interstate or foreign commerce;

~~((5))~~ (e) An aircraft owned by the commercial manufacturer thereof while being operated for test or experimental purposes, or for the purpose of training crews for purchasers of the aircraft;

~~((6))~~ (f) An aircraft being held for sale, exchange, delivery, test, or demonstration purposes solely as stock in trade of an aircraft dealer licensed under Title 14 RCW; and

~~((7))~~ (g) An aircraft based within the state that is in an unairworthy condition, is not operated within the registration period, and has obtained a written exemption issued by the secretary.

(6) The secretary ~~((shall))~~ must be notified within thirty days of any change in ownership of a registered aircraft. The notification ~~((shall))~~ must contain the N, NC, NR, NL, or NX number of the aircraft, the full name and address of the former owner, and the full name and address of the new owner. For failure to so notify the secretary, the registration of that aircraft may be canceled by the secretary, subject to reinstatement upon application and payment of a reinstatement fee of ten dollars by the new owner.

(7) A municipality or port district that owns, operates, or leases an airport, as defined in RCW 47.68.020, with the intent to operate, ~~((shall))~~ must require from an aircraft owner proof of aircraft registration as a condition of leasing or selling tiedown or hanger space for an aircraft. It is the responsibility of the lessee or purchaser to register the aircraft. The airport ~~((shall))~~ must work with the aviation division to assist in its efforts to register aircraft by providing information about based aircraft on an annual basis as requested by the division.

NEW SECTION. Sec. 1103. A new section is added to chapter 82.08 RCW to read as follows:

(1)(a) The tax levied by RCW 82.08.020 does not apply to:

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(i) Sales of large private airplanes to nonresidents of this state; and

(ii) Sales of or charges made for labor and services rendered in respect to repairing, cleaning, altering, or improving large private airplanes owned by nonresidents of this state.

(b) The exemption provided by this section applies only when the large private airplane is not required to be registered with the department of transportation, or its successor, under chapter 47.68 RCW. The airplane owner or lessee claiming an exemption under this section must provide the department, upon request, a copy of the written statement required under RCW 47.68.250(5)(c)(ii) documenting the airplane's registration exemption and any additional information the department may require.

(2) Sellers making tax-exempt sales under this section must obtain an exemption certificate from the buyer in a form and manner prescribed by the department. The seller must retain a copy of the exemption certificate for the seller's files. In lieu of an exemption certificate, a seller may capture the relevant data elements as allowed under the streamlined sales and use tax agreement. For sellers who electronically file their taxes, the department must provide a separate tax reporting line for exemption amounts claimed under this section.

(3) Upon request, the department of transportation must provide to the department of revenue information needed by the department of revenue to verify eligibility under this section.

(4) For purposes of this section "large private airplane" means an airplane not used in interstate commerce, not owned or leased by a government entity, weighing more than forty-one thousand pounds, and assigned a category A, B, C, or D test flow management system aircraft weight class by the federal aviation administration's office of aviation policy and plans.

NEW SECTION. Sec. 1104. A new section is added to chapter 82.12 RCW to read as follows:

(1)(a) The tax levied by RCW 82.12.020 does not apply to the use of:

(i) Large private airplanes owned by nonresidents of this state; and

(ii) Labor and services rendered in respect to repairing, cleaning, altering, or improving large private airplanes owned by nonresidents of this state.

(b) The exemption provided by this section applies only when the large private airplane is not required to be registered with the department of transportation, or its successor, under chapter 47.68 RCW. The airplane owner or lessee claiming an exemption under this section must provide the department, upon request, a copy of the written statement required under RCW 47.68.250(5)(c)(ii) documenting the airplane's registration exemption and any additional information the department may require.

(2) Upon request, the department of transportation must provide to the department of revenue information needed by the department of revenue to verify eligibility under this section.

(3) For purposes of this section, the conditions, limitation, and definitions in section 1103 of this act apply to this section.

Sec. 1105. RCW 82.48.100 and 2010 1st sp.s. c 12 s 2 are each amended to read as follows:

This chapter does not apply to:

(1) Aircraft owned by and used exclusively in the service of any government or any political subdivision thereof, including the government of the United States, any state, territory, or possession of the United States, or the District of Columbia, which are not engaged in carrying persons or property for commercial purposes;

(2) Aircraft registered under the laws of a foreign country;

(3) Aircraft ((which)) that are owned by a nonresident and registered in another state(. However, if any such aircraft remains in and/or is based in this state for a period of ninety days or longer it

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is not exempt under this section)), if the aircraft remains in this state or is based in this state, or both, for a period less than ninety days;

((4)(a)) Aircraft engaged principally in commercial flying ((which)) that constitutes interstate or foreign commerce, except as provided in (b) of this subsection.

(b) The exemption provided by (a) of this subsection does not apply to aircraft engaged principally in commercial flying that constitutes interstate or foreign commerce when such aircraft will be in this state exclusively for the purpose of continual storage of not less than one full calendar year; ((and))

(5) Aircraft owned by the manufacturer thereof while being operated for test or experimental purposes, or for the purpose of training crews for purchasers of the aircraft;

((5)) (6) Aircraft being held for sale, exchange, delivery, test, or demonstration purposes solely as stock in trade of an aircraft dealer licensed under Title 14 RCW;

((6)) (7) Aircraft owned by a nonresident of this state if the aircraft is kept at an airport in this state and that airport is jointly owned or operated by a municipal corporation or other governmental entity of this state and a municipal corporation or other governmental entity of another state, and the owner or operator of the aircraft provides the department with proof that the owner or operator has paid all taxes, license fees, and registration fees required by the state in which the owner or operator resides; and

((7)) (8) Aircraft that are: (a) Owned by a nonprofit organization that is exempt from federal income taxation under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code; and (b) exclusively used to provide emergency medical transportation services.

PART XII Blood Banks

NEW SECTION. Sec. 1201. Part XII of this act is intended to allow flexibility for nonprofit organizations where qualifying activities will be provided by more than one organization. It is not the legislature's intent to expand the lines of nontaxable activity. Therefore, the legislature further intends to reassess the changes made in part XII of this act to ensure the actual fiscal impact reasonably conforms with the fiscal estimate provided in the fiscal note for the legislation.

Sec. 1202. RCW 82.04.324 and 2004 c 82 s 1 are each amended to read as follows:

(1) Except as otherwise provided in subsection (3) of this section, this chapter does not apply to amounts received by a qualifying blood bank, a qualifying tissue bank, or a qualifying blood and tissue bank to the extent the amounts are exempt from federal income tax.

(2) For the purposes of this section:

(a) "Qualifying blood bank" means ~~((a blood bank that qualifies as))~~ an exempt organization under 26 U.S.C. 501(c)(3) as existing on June 10, 2004, ~~that is registered pursuant to 21 C.F.R., part 607 as existing on June 10, 2004, and whose primary business purpose is the collection, preparation, ((and processing of blood))~~ testing or processing of blood, on behalf of itself or other qualifying blood bank or qualifying blood and tissue bank. "Qualifying blood bank" does not include a comprehensive cancer center that is recognized as such by the national cancer institute.

(b) "Qualifying tissue bank" means a tissue bank that qualifies as an exempt organization under 26 U.S.C. 501(c)(3) as existing on June 10, 2004, is registered pursuant to 21 C.F.R., part 1271 as existing on June 10, 2004, and whose primary business purpose is the recovery, processing, storage, labeling, packaging, or distribution of human bone tissue, ligament tissue and similar musculoskeletal tissues, skin tissue, heart valve tissue, or human eye

tissue. "Qualifying tissue bank" does not include a comprehensive cancer center that is recognized as such by the national cancer institute.

(c) "Qualifying blood and tissue bank" ~~((is a bank that qualifies as))~~ means an exempt organization under 26 U.S.C. 501(c)(3) as existing on June 10, 2004, that is registered pursuant to 21 C.F.R., part 607 and part 1271 as existing on June 10, 2004, and whose primary business purpose is the collection, preparation, ~~((and processing of blood))~~ testing, or processing of blood, on behalf of itself or other qualifying blood bank or qualifying blood and tissue bank, and the recovery, processing, storage, labeling, packaging, or distribution of human bone tissue, ligament tissue and similar musculoskeletal tissues, skin tissue, and heart valve tissue. "Qualifying blood and tissue bank" does not include a comprehensive cancer center that is recognized as such by the national cancer institute.

(3) A person claiming the exemption under this section must report amounts exempt under this section to the department. Except for persons whose primary business purpose is the collection, preparation, and processing of blood, a person may not claim an exemption under this section for more than one hundred fifty thousand dollars in tax per calendar year.

PART XIII Mint Growers

NEW SECTION. Sec. 1301. The legislature finds that mint growers utilize fuel to generate heat to extract oil from harvested mint and thereby produce a saleable agricultural product. Diesel fuel is often used as the fuel source that generates heat to distill mint. This on-farm diesel fuel is currently exempt from sales and use tax. The legislature further finds that propane and natural gas are alternative sources of cleaner burning fuel. A transition by mint growers to these alternative fuel sources, though costly, provides air quality benefits as compared to the use of diesel. It is the intent of the legislature to provide an incentive to mint growers to make the transition to cleaner fuels by extending the sales and use tax exemptions to propane and natural gas used by farmers who produce mint oil.

NEW SECTION. Sec. 1302. A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales to farmers of propane or natural gas used exclusively to distill mint on a farm.

(2) The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files. For sellers who electronically file their taxes, the department must provide a separate line for exemption amounts claimed under this section.

(3) For the purposes of this section, "farmer" has the same meaning as provided in RCW 82.04.213.

(4) This section expires July 1, 2017.

NEW SECTION. Sec. 1303. A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply with respect to the use of propane or natural gas by a farmer to exclusively distill mint on a farm.

(2) For the purposes of this section, "farmer" has the same meaning as provided in RCW 82.04.213.

(3) This section expires July 1, 2017.

PART XIV Nonprofit Fund-raising Activities

NEW SECTION. Sec. 1401. It is the intent of part XIV of this act to provide use tax relief for individuals who support charitable activities by purchasing or winning articles of personal property from a nonprofit organization or library when the personal property is sales tax exempt. It is also the intent of the legislation to provide this tax preference in a fiscally responsible manner by capping the exemption for articles of personal property that are valued at ten thousand dollars or less.

NEW SECTION. Sec. 1402. A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of any article of personal property, valued at less than ten thousand dollars, purchased or received as a prize in a contest of chance, as defined in RCW 82.04.285, from a nonprofit organization or a library, if the gross income the nonprofit organization or library receives from the sale is exempt under RCW 82.04.3651.

(2) This section expires July 1, 2017.

PART XV Renewable Energy Extension

NEW SECTION. Sec. 1501. It is the intent of the legislature to help promote energy independence in the state of Washington and to better position Washington to attract a vibrant clean energy technology manufacturing sector to the state. The purpose of the tax preference created in part XV of this act is to incentivize electricity generation from renewable energy sources, reducing the costs of transitioning to these sources and technologies by exempting machinery, equipment, and labor and service charges associated with such electricity generation from the retail sales and use tax. This tax preference makes the most of the local renewable resources, protects us from the price volatility of certain fossil fuel sources, and helps the state achieve its greenhouse gas emissions targets. In addition, promoting manufacture and installation of facilities capable of generating power from renewable sources can create economic benefits in both rural and urban counties, creating high-quality jobs and developing a skilled workforce in an industry sector in which significant job growth is anticipated over the coming decades.

Sec. 1502. RCW 82.08.962 and 2009 c 469 s 101 are each amended to read as follows:

(1)(a) Except as provided in RCW 82.08.963, purchasers who have paid the tax imposed by RCW 82.08.020 on machinery and equipment used directly in generating electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, are eligible for an exemption as provided in this section, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts of electricity.

(b) Beginning on July 1, 2009, through June 30, 2011, the tax levied by RCW 82.08.020 does not apply to the sale of machinery and equipment described in (a) of this subsection that are used directly in generating electricity or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

(c) Beginning on July 1, 2011, through ~~((June 30, 2013))~~ January 1, 2020, the amount of the exemption under this subsection (1) is equal to seventy-five percent of the state and local sales tax paid. The purchaser is eligible for an exemption under this subsection (1)(c) in the form of a remittance.

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(2) For purposes of this section and RCW 82.12.962, the following definitions apply:

(a) "Biomass energy" includes: (i) By-products of pulping and wood manufacturing process; (ii) animal waste; (iii) solid organic fuels from wood; (iv) forest or field residues; (v) wooden demolition or construction debris; (vi) food waste; (vii) liquors derived from algae and other sources; (viii) dedicated energy crops; (ix) biosolids; and (x) yard waste. "Biomass energy" does not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; wood from old growth forests; or municipal solid waste.

(b) "Fuel cell" means an electrochemical reaction that generates electricity by combining atoms of hydrogen and oxygen in the presence of a catalyst.

(c) "Landfill gas" means biomass fuel, of the type qualified for federal tax credits under Title 26 U.S.C. Sec. 29 of the federal internal revenue code, collected from a "landfill" as defined under RCW 70.95.030.

(d)(i) "Machinery and equipment" means fixtures, devices, and support facilities that are integral and necessary to the generation of electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power.

(ii) "Machinery and equipment" does not include: (A) Hand-powered tools; (B) property with a useful life of less than one year; (C) repair parts required to restore machinery and equipment to normal working order; (D) replacement parts that do not increase productivity, improve efficiency, or extend the useful life of machinery and equipment; (E) buildings; or (F) building fixtures that are not integral and necessary to the generation of electricity that are permanently affixed to and become a physical part of a building.

(3)(a) Machinery and equipment is "used directly" in generating electricity by wind energy, solar energy, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas power if it provides any part of the process that captures the energy of the wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas, converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems.

(b) Machinery and equipment is "used directly" in generating electricity by fuel cells if it provides any part of the process that captures the energy of the fuel, converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems.

(4)(a) A purchaser claiming an exemption in the form of a remittance under subsection (1)(c) of this section must pay the tax imposed by RCW 82.08.020 and all applicable local sales taxes imposed under the authority of chapters 82.14 and 81.104 RCW. The purchaser may then apply to the department for remittance in a form and manner prescribed by the department. A purchaser may not apply for a remittance under this section more frequently than once per quarter. The purchaser must specify the amount of exempted tax claimed and the qualifying purchases for which the exemption is claimed. The purchaser must retain, in adequate detail, records to enable the department to determine whether the purchaser is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(b) The department must determine eligibility under this section based on the information provided by the purchaser, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying purchasers who submitted applications during the previous quarter.

(5) This section expires (~~July 1, 2013~~) January 1, 2020.

NEW SECTION. Sec. 1503. A new section is added to chapter 82.32 RCW to read as follows:

Every taxpayer claiming an exemption under RCW 82.08.962 or 82.12.962 must file with the department a complete annual survey as required under RCW 82.32.585, except that the taxpayer must file a separate survey for each facility owned or operated in the state of Washington developed with machinery, equipment, services, or labor for which the exemption under part XV of this act is claimed.

NEW SECTION. Sec. 1504. A new section is added to chapter 43.136 RCW to read as follows:

(1) The intent of the tax preference provided in RCW 82.08.962 and 82.12.962 is to promote electricity generation by facilities with generating capacity of not less than one thousand watts, using renewable energy fuel sources in order to improve energy security and decrease greenhouse gas emissions. Encouraging the development of more facilities that generate power from renewable energy has both immediate and long-term value to the state.

(2) As part of the joint legislative audit and review committee's 2019 tax preference reviews conducted under this chapter, the joint legislative audit and review committee must assess the performance of the tax preferences established in RCW 82.08.956 and 82.12.956 with reference to the intent and performance milestones established in this section.

(3) The department of revenue must provide the joint legislative audit and review committee with annual survey information and any other tax data necessary to conduct the review required in subsection (2) of this section. The Washington State University energy program, department of ecology, and other agencies, as requested, must cooperate with the committee by providing information to assist the committee's analysis.

(4) The report is not limited to, but must include, the following information:

(a) Identification of the baseline number of facilities, prior to July 1, 2009, with generating capacity of not less than one thousand watts, using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power.

(b) The number of facilities developed each year by purchasers claiming the preference for machinery, equipment, labor, or other services, and the increase in the number of such facilities, as compared to the baseline established in (a) of this subsection.

(c) The total generating capacity in megawatts and total power production in kilowatt-hours of the facilities reported in (b) of this subsection.

(d) The estimated greenhouse gas emissions avoided as a result of power generation from renewable energy sources by the facilities reported in (b) of this subsection.

(e) The number of barrels of oil and tons of coal avoided as a result of power generation from renewable energy sources by the facilities reported in (b) of this subsection, as estimated from the average fuel mix of electricity generated statewide.

(f) The number of employees and wages and benefits reported by taxpayers claiming the exemption at the facilities reported in (a) of this subsection.

(g) Subject to data availability, analysis of how the wages and benefits reported in (e) of this subsection compare with statewide averages and averages in the county in which the facility is located.

(5) This section expires January 1, 2020.

Sec. 1505. RCW 82.12.962 and 2009 c 469 s 102 are each amended to read as follows:

(1)(a) Except as provided in RCW 82.12.963, consumers who have paid the tax imposed by RCW 82.12.020 on machinery and equipment used directly in generating electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, are eligible for an exemption as provided in this section, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts of electricity.

(b) Beginning on July 1, 2009, through June 30, 2011, the provisions of this chapter do not apply in respect to the use of machinery and equipment described in (a) of this subsection that are used directly in generating electricity or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

(c) Beginning on July 1, 2011, through ~~((June 30, 2013))~~ January 1, 2020, the amount of the exemption under this subsection (1) is equal to seventy-five percent of the state and local sales tax paid. The consumer is eligible for an exemption under this subsection (1)(c) in the form of a remittance.

(2)(a) A person claiming an exemption in the form of a remittance under subsection (1)(c) of this section must pay the tax imposed by RCW 82.12.020 and all applicable local use taxes imposed under the authority of chapters 82.14 and 81.104 RCW. The consumer may then apply to the department for remittance in a form and manner prescribed by the department. A consumer may not apply for a remittance under this section more frequently than once per quarter. The consumer must specify the amount of exempted tax claimed and the qualifying purchases or acquisitions for which the exemption is claimed. The consumer must retain, in adequate detail, records to enable the department to determine whether the consumer is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(b) The department must determine eligibility under this section based on the information provided by the consumer, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying consumers who submitted applications during the previous quarter.

(3) Purchases exempt under RCW 82.08.962 are also exempt from the tax imposed under RCW 82.12.020.

(4) The definitions in RCW 82.08.962 apply to this section.

(5) This section expires ~~((June 30, 2013))~~ January 1, 2020.

PART XVI Small Solar Extension

NEW SECTION. Sec. 1601. It is the intent of the legislature to help promote energy independence in the state of Washington. The purpose of the tax preference created in part XVI of this act is to incentivize electricity generation from solar energy, reducing the costs of transitioning to solar energy by exempting machinery, equipment, and labor and service charges from the retail sales and use tax to increase affordability for Washington residents. It is also the intent of the legislature to provide this tax preference in a fiscally responsible manner where the actual revenue impact of the legislation substantially conforms with the fiscal estimate provided in the legislation's fiscal note. Therefore, the legislature intends for this tax preference to be temporary so the legislature can assess the actual fiscal impact of the tax preference.

Sec. 1602. RCW 82.08.963 and 2009 c 469 s 103 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of machinery and equipment used directly in generating electricity or producing thermal heat using solar energy, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not more than ten kilowatts of electricity or producing not more than three million British thermal units per day and provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files. For sellers who electronically file their taxes, the department must provide a separate tax reporting line for exemption amounts claimed by a buyer under this section.

(2) For purposes of this section and RCW 82.12.963:

(a) "Machinery and equipment" means industrial fixtures, devices, and support facilities that are integral and necessary to the generation of electricity or production and use of thermal heat using solar energy;

(b) "Machinery and equipment" does not include: (i) Hand-powered tools; (ii) property with a useful life of less than one year; (iii) repair parts required to restore machinery and equipment to normal working order; (iv) replacement parts that do not increase productivity, improve efficiency, or extend the useful life of machinery and equipment; (v) buildings; or (vi) building fixtures that are not integral and necessary to the generation of electricity that are permanently affixed to and become a physical part of a building; ~~((and))~~

(c) Machinery and equipment is "used directly" in generating electricity with solar energy if it provides any part of the process that captures the energy of the sun, converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems; and

(d) Machinery and equipment is "used directly" in producing thermal heat with solar energy if it uses a solar collector or a solar hot water system that (i) meets the certification standards for solar collectors and solar hot water systems developed by the solar rating and certification corporation; or (ii) is determined by the Washington State University extension whether a solar collector or solar hot water system is an equivalent collector or system.

(3) This section expires June 30, ~~((2013))~~ 2018.

Sec. 1603. RCW 82.12.963 and 2009 c 469 s 104 are each amended to read as follows:

(1) The provisions of this chapter do not apply with respect to machinery and equipment used directly in generating not more than ten kilowatts of electricity or producing not more than three million British thermal units per day using solar energy, or to the use of labor and services rendered in respect to installing such machinery and equipment.

(2) The definitions in RCW 82.08.963 apply to this section.

(3) This section expires June 30, ~~((2013))~~ 2018.

PART XVII Tax Preference Transparency and Accountability

NEW SECTION. Sec. 1701. A new section is added to chapter 82.32 RCW to read as follows:

(1)(a) Except as otherwise provided in this section, every new tax preference expires on the first day of the calendar year that is subsequent to the calendar year that is ten years from the effective date of the tax preference. With respect to any new property tax exemption, the exemption does not apply to taxes levied for collection beginning in the calendar year that is subsequent to the

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calendar year that is ten years from the effective date of the tax preference.

(b) A future amendment that expands a tax preference does not extend the tax preference beyond the period provided in this subsection unless an extension is expressly and unambiguously stated in the amendment.

(2) Subsection (1) of this section does not apply if legislation creating a new tax preference includes an expiration date for the new tax preference.

(3) Subsection (1) of this section does not apply to any existing tax preference that is amended to clarify an ambiguity or correct a technical inconsistency. Future enacted legislation intended to make such clarifications or corrections must explicitly indicate this intent.

(4) For the purposes of this section, the following definitions apply:

(a) "New tax preference" means a tax preference that initially takes effect after August 1, 2013, or a tax preference in effect as of August 1, 2013, that is expanded or extended after August 1, 2013, even if the expanding or extending amendment includes any other change to the tax preference.

(b) "Tax preference" has the same meaning as in RCW 43.136.021 with respect to any state tax administered by the department, except does not include the Washington estate and transfer tax in chapter 83.100 RCW.

(5) The department must provide written notice to the office of the code reviser of a ten-year expiration date required under this section for a new tax preference.

NEW SECTION. Sec. 1702. A new section is added to chapter 82.32 RCW to read as follows:

(1) As provided in this section, every bill enacting a new tax preference must include a tax preference performance statement.

(2) A tax preference performance statement must state the legislative purpose for the new tax preference. The tax preference performance statement must indicate one or more of the following general categories, by reference to the applicable category specified in this subsection, as the legislative purpose of the new tax preference:

(a) Tax preferences intended to induce certain designated behavior by taxpayers;

(b) Tax preferences intended to improve industry competitiveness;

(c) Tax preferences intended to create or retain jobs;

(d) Tax preferences intended to reduce structural inefficiencies in the tax structure;

(e) Tax preferences intended to provide tax relief for certain businesses or individuals; or

(f) A general purpose not identified in (a) through (e) of this subsection.

(3) In addition to identifying the general legislative purpose of the tax preference under subsection (2) of this section, the tax preference performance statement must provide additional detailed information regarding the legislative purpose of the new tax preference.

(4) A new tax preference performance statement must specify clear, relevant, and ascertainable metrics and data requirements that allow the joint legislative audit and review committee and the legislature to measure the effectiveness of the new tax preference in achieving the purpose designated under subsection (2) of this section.

(5) If the tax preference performance statement for a new tax preference indicates a legislative purpose described in subsection (2)(b) or (c) of this section, any taxpayer claiming the new tax preference must file an annual survey in accordance with RCW 82.32.585.

(6)(a) Taxpayers claiming a new tax preference must report the amount of the tax preference claimed by the taxpayer to the department as otherwise required by statute or determined by the department as part of the taxpayer's regular tax reporting responsibilities. For new tax preferences allowing certain types of gross income of the business to be excluded from business and occupation or public utility taxation, the tax return must explicitly report the amount of the exclusion, regardless of whether it is structured as an exemption or deduction, if the taxpayer is otherwise required to report taxes to the department on a monthly or quarterly basis. For a new sales and use tax exemption, the total sales or uses subject to the exemption claimed by the buyer must be reported on an addendum to the buyer's tax return if the buyer is otherwise required to report taxes to the department on a monthly or quarterly basis and the buyer is required to submit an exemption certificate, or similar document, to the seller.

(b) This subsection does not apply to:

(i) Property tax exemptions;

(ii) Tax preferences required by constitutional law;

(iii) Tax preferences for which the tax benefit to the taxpayer is less than one thousand dollars per calendar year; or

(iv) Taxpayers who are annual filers.

(c) The department may waive the filing requirements of this subsection for taxpayers who are not required to file electronically any return, report, or survey under this chapter.

(7)(a) Except as otherwise provided in this subsection, the amount claimed by a taxpayer for any new tax preference is subject to public disclosure and is not considered confidential tax information under RCW 82.32.330, if the reporting periods subject to disclosure ended at least twenty-four months prior to the date of disclosure and the taxpayer is required to report the amount of the tax preference claimed by the taxpayer to the department under subsection (6) of this section.

(b)(i) The department may waive the public disclosure requirement under (a) of this subsection (7) for good cause. Good cause may be demonstrated by a reasonable showing of economic harm to a taxpayer if the information specified under this subsection is disclosed. The waiver under this subsection (7)(b)(i) only applies to the new tax preferences provided in this act.

(ii) The amount of the tax preference claimed by a taxpayer during a calendar year is confidential under RCW 82.32.330 and may not be disclosed under this subsection if the amount for the calendar year is less than ten thousand dollars.

(c) In lieu of the disclosure and waiver requirements under this subsection, the requirements under RCW 82.32.585 apply to any tax preference that requires a survey.

(8) If a new tax preference does not include the information required under subsections (2) through (4) of this section, the joint legislative audit and review committee is not required to perform a tax preference review under chapter 43.136 RCW, and it is legislatively presumed that it is the intent of the legislature to allow the new tax preference to expire upon its scheduled expiration date.

(9) For the purposes of this section, "tax preference" and "new tax preference" have the same meaning as provided in section 1701 of this act.

NEW SECTION. Sec. 1703. A new section is added to chapter 43.136 RCW to read as follows:

(1) The legislative auditor, with the assistance of a task force, must make recommendations on the appropriate data and metrics that should be included in tax preference performance statements to evaluate new tax preferences, as provided under section 1702 of this act.

(2)(a) The task force is comprised of five members: (i) One person from the department of revenue; (ii) one person from an association representing Washington businesses; (iii) one person

from the office of financial management; (iv) the legislative auditor or a designee of the legislative auditor; and (v) an economist with substantial experience in state taxes.

(b) The task force must choose its chair from among its membership.

(3) By January 1, 2014, and in compliance with RCW 43.01.036, the legislative auditor must submit a report to the appropriate fiscal committees of the legislature the findings and recommendations of the task force.

NEW SECTION. Sec. 1704. A new section is added to chapter 82.04 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1705. A new section is added to chapter 82.08 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1706. A new section is added to chapter 82.12 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1707. A new section is added to chapter 82.14B RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1708. A new section is added to chapter 82.16 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1709. A new section is added to chapter 82.18 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1710. A new section is added to chapter 82.19 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1711. A new section is added to chapter 82.21 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1712. A new section is added to chapter 82.23A RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1713. A new section is added to chapter 82.23B RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1714. A new section is added to chapter 82.24 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1715. A new section is added to chapter 82.26 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1716. A new section is added to chapter 82.27 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1717. A new section is added to chapter 82.29A RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1718. A new section is added to chapter 82.45 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1719. A new section is added to chapter 82.48 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1720. A new section is added to chapter 82.64 RCW to read as follows:

See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 1721. A new section is added to chapter 84.52 RCW to read as follows:

(1) See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under RCW 84.52.065.

(2) See section 1702 of this act for reporting requirements for any new tax preference for the tax imposed under RCW 84.52.065.

NEW SECTION. Sec. 1722. A new section is added to chapter 54.28 RCW to read as follows:

(1) See section 1701 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

(2) See section 1702 of this act for reporting requirements for any new tax preference for the tax imposed under this chapter.

PART XVIII

Recommendations to Update and Improve Annual Surveys and Reports

NEW SECTION. Sec. 1801. By December 1, 2013, the department of revenue, in consultation with the joint legislative audit and review committee, must make recommendations to the appropriate fiscal committees of the legislature on ways to update and improve the annual report and annual survey. The recommendations must include suggested revisions to the report and survey that would make the data more relevant and reduce the administrative burden on the taxpayer.

PART XIX

Miscellaneous Provisions

NEW SECTION. Sec. 1901. Section 202 of this act expires July 1, 2015.

NEW SECTION. Sec. 1902. Section 203 of this act takes effect July 1, 2015.

NEW SECTION. Sec. 1903. Parts III, X, XV, and XVI of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2013.

NEW SECTION. Sec. 1904. Except as otherwise provided in this act, this act takes effect October 1, 2013.

NEW SECTION. Sec. 1905. Part XI of this act takes effect January 1, 2014.

NEW SECTION. Sec. 1906. Part XI of this act expires July 1, 2021.

NEW SECTION. Sec. 1907. 2013 2nd sp. sess. c . . . s 1202 (section 1202 of this act), as now existing, is repealed, effective July 1, 2016."

MOTION

Senator Padden moved that the following amendment by Senator Padden and others to the striking amendment be adopted:

On page 63, after line 29 of the amendment, insert the following:

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**"PART XIX
NONPROFIT RELIGIOUS ORGANIZATIONS**

Sec. 1901. RCW 84.36.020 and 2010 c 186 s 2 are each amended to read as follows:

The following real and personal property is exempt from taxation:

(1) All lands, buildings, and personal property required for necessary administration and maintenance, used, or to the extent used, exclusively for public burying grounds or cemeteries without discrimination as to race, color, national origin or ancestry;

(2)(a) All churches, personal property, and the ground, not exceeding five acres in area, upon which a church of any nonprofit recognized religious denomination is or will be built, together with a parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of such property. The area exempted in any case includes all ground covered by the church, parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of such property and the structures and ground necessary for street access, parking, light, and ventilation, but the area of unoccupied ground exempted in such cases, in connection with church, parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of such property, does not exceed the equivalent of one hundred twenty by one hundred twenty feet except where additional unoccupied land may be required to conform with state or local codes, zoning, or licensing requirements. The parsonage and convent need not be on land contiguous to the church property. Except as otherwise provided in this subsection, to be exempt the property must be wholly used for church purposes.

(b)(i) The exemption provided in this subsection (2) is not nullified by:

(A) The loan or rental of property otherwise exempt under this subsection (2) to a nonprofit organization, association, or corporation, or school for use for:

(I) An eleemosynary activity (~~(or for use for)~~); or

(II) Activities related to a farmers market, (~~does not nullify the exemption provided in this subsection if the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property. However,~~) if such activities (~~related to a farmers market may~~) do not occur on the property more than fifty-three days each assessment year. For the purposes of this section, "farmers market" has the same meaning as "qualifying farmers market" as defined in RCW 66.24.170; or

(B) The use of the property for pecuniary gain, if the use of the property is a fund-raising activity for the nonprofit religious organization and such use does not exceed fifteen days each assessment year.

(ii) Rental income, if any, for uses specified under (b)(i) of this subsection (2) must be reasonable and devoted to the operation and maintenance of the property or capital improvements for the property.

Sec. 1902. RCW 84.36.020 and 1994 c 124 s 16 are each amended to read as follows:

The following real and personal property (~~(shall be)~~) is exempt from taxation:

(1) All lands, buildings, and personal property required for necessary administration and maintenance, used, or to the extent used, exclusively for public burying grounds or cemeteries without discrimination as to race, color, national origin or ancestry;

(2)(a) All churches, personal property, and the ground, not exceeding five acres in area, upon which a church of any nonprofit recognized religious denomination is or (~~(shall)~~) will be built, together with a parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of

such property. The area exempted (~~(shall)~~) in any case includes all ground covered by the church, parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of such property and the structures and ground necessary for street access, parking, light, and ventilation, but the area of unoccupied ground exempted in such cases, in connection with church, parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of such property, (~~(shall)~~) does not exceed the equivalent of one hundred twenty by one hundred twenty feet except where additional unoccupied land may be required to conform with state or local codes, zoning, or licensing requirements. The parsonage and convent need not be on land contiguous to the church property. To be exempt the property must be wholly used for church purposes(~~(-PROVIDED, That)~~)

(b)(i) The exemption provided in this subsection (2) is not nullified by:

(A) The loan or rental of property otherwise exempt under this (~~paragraph~~) subsection (2) to a nonprofit organization, association, or corporation, or school for use for an eleemosynary activity (~~(shall not nullify the exemption provided in this paragraph if the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property)~~); or

(B) The use of the property for pecuniary gain, if the use of the property is a fund-raising activity for the nonprofit religious organization and such use does not exceed fifteen days each assessment year.

(ii) Rental income, if any, for uses specified under (b)(i) of this subsection (2) must be reasonable and devoted to the operation and maintenance of the property or capital improvements for the property.

NEW SECTION. Sec. 1903. Section 1901 of this act expires December 31, 2020.

NEW SECTION. Sec. 1904. Section 1902 of this act takes effect December 31, 2020."

Renumber the remaining sections and part headings consecutively and correct any internal references accordingly.

On page 64, line 21 of the title amendment, after "82.08.963," strike "and 82.12.963" and insert "82.12.963, 84.36.020, and 84.36.020"

Senators Padden and Fain spoke in favor of adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Padden and others on page 63, after line 29 to the striking amendment to Substitute Senate Bill No. 5882.

The motion by Senator Padden carried and the amendment to the striking amendment was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Fain as amended to Substitute Senate Bill No. 5882.

The motion by Senator Fain carried and the striking amendment as amended was adopted by voice vote.

MOTION

Senator Fain moved that Engrossed Substitute Senate Bill No. 5882 be advanced to third reading, second considered the third and the bill be placed on final passage.

REMARKS BY THE PRESIDENT

President Owen: "Senator Fain? Right now the motion is to advance to third reading and final passage."

MOTION

On motion of Senator Fain, the motion by Senator Fain that Engrossed Substitute Senate Bill No. 5882 be advanced to third reading, second considered the third and the bill be placed on final passage was withdrawn.

MOTION

On motion of Senator Fain, further consideration of Substitute Senate Bill No. 5882 was deferred and the bill held its place on the second reading calendar.

MOTION

At 8:17 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 8:43 p.m. by President Owen.

MOTION

Senator Fain, having voted on the prevailing side, moved that the vote by which the striking amendment by Senator Fain as amended to Substitute Senate Bill No. 5882 was adopted by the Senate earlier in the day be immediately reconsidered.

Senators Padden and Hargrove spoke on the motion.

The President declared the question before the Senate to be the motion to immediately reconsider the vote by which the striking amendment by Senator Fain as amended to Substitute Senate Bill No. 5882 was adopted by the Senate.

The motion by Senator Fain carried and the Senate immediately reconsidered the vote by which the striking amendment by Senator Fain as amended to Substitute Senate Bill No. 5882 was adopted by the Senate by voice vote.

MOTION

Senator Fain, having voted on the prevailing side, moved that the vote by which the amendment by Senator Padden and others on page 63, after line 29 to the striking amendment to Substitute Senate Bill No. 5882 was adopted by the Senate earlier in the day be immediately reconsidered.

The President declared the question before the Senate to be the motion to immediately reconsider the vote by which the amendment by Senator Padden and others on page 63, after line 29 to the striking amendment to Substitute Senate Bill No. 5882 was adopted by the Senate.

The motion by Senator Fain carried and the Senate immediately reconsidered the vote by which the amendment by Senator Padden and others on page 63, after line 29 to the striking amendment to Substitute Senate Bill No. 5882 was adopted by the Senate by voice vote.

The President declared the question before the Senate to be the adoption of the amendment by Senator Padden and others on page 63, after line 29 to the striking amendment to Substitute Senate Bill No. 5882 on immediate reconsideration.

Senator Fain spoke against adoption of the amendment to the striking amendment.

The motion by Senator Padden failed on immediate reconsideration and the amendment to the striking amendment was not adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Fain to Substitute Senate Bill No. 5882.

The motion by Senator Fain carried and the striking amendment was adopted by voice vote on reconsideration.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2, after "preferences;" strike the remainder of the title and insert "amending RCW 82.04.260, 82.04.4268, 82.04.629, 82.04.630, 82.08.0204, 82.12.0204, 82.04.050, 82.04.294, 82.08.956, 82.12.956, 47.68.250, 82.48.100, 82.04.324, 82.08.962, 82.12.962, 82.08.963, and 82.12.963; reenacting and amending RCW 82.04.260; adding new sections to chapter 82.04 RCW; adding new sections to chapter 82.08 RCW; adding new sections to chapter 82.12 RCW; adding new sections to chapter 43.136 RCW; adding new sections to chapter 82.32 RCW; adding a new section to chapter 82.14B RCW; adding a new section to chapter 82.16 RCW; adding a new section to chapter 82.18 RCW; adding a new section to chapter 82.19 RCW; adding a new section to chapter 82.21 RCW; adding a new section to chapter 82.23A RCW; adding a new section to chapter 82.23B RCW; adding a new section to chapter 82.24 RCW; adding a new section to chapter 82.26 RCW; adding a new section to chapter 82.27 RCW; adding a new section to chapter 82.29A RCW; adding a new section to chapter 82.45 RCW; adding a new section to chapter 82.48 RCW; adding a new section to chapter 82.64 RCW; adding a new section to chapter 84.52 RCW; adding a new section to chapter 54.28 RCW; creating new sections; repealing 2008 c 314 s 7 (uncodified); repealing 2013 2nd sp.s. c ... s 1202; providing effective dates; providing expiration dates; and declaring an emergency."

MOTION

On motion of Senator Fain, the rules were suspended, Engrossed Substitute Senate Bill No. 5882 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Fain, Honeyford and Baumgartner spoke in favor of passage of the bill.

Senator Chase spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5882.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5882 and the bill passed the Senate by the following vote: Yeas, 43; Nays, 5; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Hargrove, Harper, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford, Keiser, King, Kohl-Welles, Litzow, Mullet, Murray, O'Ban, Padden, Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schlicher, Schoesler, Sheldon, Shin, Smith and Tom

Voting nay: Senators Chase, Frockt, Hasegawa, McAuliffe and Nelson

Excused: Senator Kline

ENGROSSED SUBSTITUTE SENATE BILL NO. 5882, having received the constitutional majority, was declared passed.

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There being no objection, the title of the bill was ordered to stand as the title of the act.

Concerning the environmental legacy stewardship account.

MOTION

On motion of Senator Fain, Engrossed Substitute Senate Bill No. 5882 was immediately transmitted to the House of Representatives.

The measure was read the second time.

MOTION

On motion of Senator Ericksen, the rules were suspended, House Bill No. 2079 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

MOTION

On motion of Senator Billig, Senator Shin was excused.

Senators Ericksen and Ranker spoke in favor of passage of the bill.

SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1872, by House Committee on Appropriations (originally sponsored by Representatives Maxwell, Dahlquist, Lytton, Sullivan, McCoy, Upthegrove, Bergquist, Seaquist, Morrell, Wylie, Goodman, Ryu, Tarleton, Tharinger, Springer, Stonier, Jinkins, Orwall, Pollet, Fey, Hansen, Liias and Freeman)

The President declared the question before the Senate to be the final passage of House Bill No. 2079.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2079 and the bill passed the Senate by the following vote: Yeas, 34; Nays, 13; Absent, 0; Excused, 2.

Establishing a comprehensive initiative to increase learning opportunities and improve educational outcomes in science, technology, engineering, and mathematics through multiple strategies and statewide partnerships.

Voting yea: Senators Baumgartner, Benton, Billig, Braun, Chase, Cleveland, Conway, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hewitt, Hill, Hobbs, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Ranker, Rivers, Rolfes, Schlicher, Sheldon and Tom

The measure was read the second time.

Voting nay: Senators Bailey, Becker, Brown, Dammeier, Hatfield, Holmquist Newbry, Honeyford, Padden, Parlette, Pearson, Roach, Schoesler and Smith

MOTION

On motion of Senator Litzow, the rules were suspended, Engrossed Second Substitute House Bill No. 1872 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Excused: Senators Kline and Shin

HOUSE BILL NO. 2079, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

Senators Litzow and McAuliffe spoke in favor of passage of the bill.

MOTION

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1872.

At 9:21 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 10:47 p.m. by President Owen.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1872 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

MOTION

On motion of Senator Fain, the Senate reverted to the fourth order of business.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, O'Ban, Padden, Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schlicher, Schoesler, Sheldon, Smith and Tom

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The Speaker has signed:

THIRD ENGROSSED SUBSTITUTE SENATE BILL NO. 5034,

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5892,

SENATE BILL NO. 5904,

SENATE BILL NO. 5948,

and the same are herewith transmitted.

Excused: Senators Kline and Shin

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1872, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

BARBARA BAKER, Chief Clerk

HOUSE BILL NO. 2079, by Representative Dunshee

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1947 and passed the bill as amended by the Senate.
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The House has passed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5882,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

On motion of Senator Fain, the Senate advanced to the sixth order of business.

SECOND READING

SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1971, by House Committee on Appropriations (originally sponsored by Representatives Carlyle and Nealey)

Concerning communications services reform.

The measure was read the second time.

MOTION

On motion of Senator Ericksen, the rules were suspended, Second Engrossed Second Substitute House Bill No. 1971 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Ericksen spoke in favor of passage of the bill.

PARLIAMENTARY INQUIRY

Senator Padden: "Mr. President, what time is it and how late are we authorized to do the Senates business?"

REPLY BY THE PRESIDENT

President Owen: "Well, accordingly to the clock the President goes by here, it's 10:52 and we're working through 10:00 without a suspension of the rules, which I sense this coming."

MOTION

On motion of Senator Fain, Rule 15 was suspended for the remainder of the day for the purpose of allowing continued floor action.

EDITOR'S NOTE: Senate Rule 15 establishes the floor schedule and calls for a lunch and dinner break of 90 minutes each per day during regular daily sessions.

Senator Ranker spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Second Engrossed Second Substitute House Bill No. 1971.

ROLL CALL

The Secretary called the roll on the final passage of Second Engrossed Second Substitute House Bill No. 1971 and the bill passed the Senate by the following vote: Yeas, 36; Nays, 11; Absent, 0; Excused, 2.

Voting yea: Senators Bailey, Becker, Billig, Braun, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Keiser, King, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, Parlette, Ranker, Rivers, Rolfes, Schoesler and Tom

Voting nay: Senators Baumgartner, Benton, Brown, Holmquist Newbry, O'Ban, Padden, Pearson, Roach, Schlicher, Sheldon and Smith

Excused: Senators Kline and Shin

SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1971, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 10:58 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 11:25 p.m. by President Owen.

MOTION

On motion of Senator Fain, the Senate reverted to the fourth order of business.

MESSAGE FROM THE HOUSE

June 28, 2013

MR. PRESIDENT:

The House has passed:

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1632,
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

At 11:25 p.m., on motion of Senator Fain, the Senate adjourned until 1:00 p.m. Saturday, June 29, 2013.

BRAD OWEN, President of the Senate

HUNTER GOODMAN, Secretary of the Senate

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