

6062-S

Sponsor(s): Senate Committee on Ways & Means (originally sponsored by Senators West and Spanel; by request of Governor Locke)

Brief Title: Making appropriations for the fiscal biennium ending June 30, 1999.

SB 6062-S - DIGEST

(DIGEST AS ENACTED)

Makes appropriations for the fiscal biennium ending June 30, 1999.

VETO MESSAGE ON SB 6062-S

April 23, 1997

To the Honorable President and Members,
The Senate of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 125; 202; 203; 207(1); 207(6); 211(3); 212(2); 213(1); 214; 222(2); 301; 302(3); 302(4); 302(5); 302(6); 302(17); 302(19); 302(20); 302(21); 302(22); 307; 501; 503; 504; 510; 514; 515(3); 515(4); 515(5); 517; 601; 602; 603; 604; 605; 606; 607; 608; 609; 610(1); 610(2); 610(3); 611; 714; 716; 719(lines 6-26); and 916, Substitute Senate Bill No. 6062 entitled:

"AN ACT Relating to fiscal matters;"

On April 20 the Legislature approved Substitute Senate Bill 6062 providing a state operating budget for the 1997-99 Biennium. Today, with my partial veto, I am returning that budget for further deliberation.

In March, I proposed a \$19.2 billion state operating budget designed to create a world class education system, protect working families and the environment, and increase accountability in all areas of government. By controlling growth in many programs and eliminating others altogether, the budget I proposed made hard choices that held growth in state spending to its lowest percentage in 25 years, and stayed within the spending limits established by Initiative 601.

Significant parts of the Legislature's budget match the priorities expressed in my budget proposal, while other sections represent reasonable compromises that ensure the efficient delivery of quality services to the citizens of Washington. However, the Legislature's budget is different in two important ways. First, it falls short in providing the excellence we all want for our education system. And secondly, it unnecessarily reduces funding for critical services that help working families, protect abused and neglected children, and safeguard our environment and our economy.

The Legislature has taken the unprecedented action of sending me this budget with sufficient time remaining in the session so that we may resolve our differences and adjourn within the 105 days of this regular session. In the exercise of my veto authority I

have acted swiftly, but in a restrained and constructive manner to preserve that opportunity for a timely adjournment.

The issues in contention are limited and can be resolved quickly if the Legislature so chooses. I have focused my attention, and my veto, on several high priorities that I have emphasized from the beginning of my administration: public education, support for working families, services for children and other vulnerable populations, juvenile justice funding, the environment, and fair compensation for teachers and other government employees.

K-12 Education

The state's education reform effort is left without sufficient funding for student learning improvement grants or federal Goals 2000 programs. We are asking teachers to teach to a higher standard and to rigorously assess student achievement by those standards. These funds are a critical component of successful implementation of reform. In addition, the Legislature eliminated support for several targeted state programs that are part of ongoing education reform, including school-to-work grants and funding for internships for principals and superintendents.

The Legislature's proposal increases state matching assistance for property-poor school districts (levy equalization) by only about \$4.5 million per year, and only for some of the districts now eligible for that assistance. This is not a sufficient enhancement in assistance for school districts whose ability to raise local levies is hindered by high property tax rates.

The Legislature also eliminated funding for several programs targeted to serve students in school districts with culturally diverse student populations or special learning needs. It eliminates funding for language instruction for preschool students from homes where English is not the primary language, and proposes a new way to distribute funds for bilingual education without adequate evaluation of the possible impacts of such a change. Eliminating funds for students with special needs forces schools and teachers to divert resources from other students.

Therefore, I have vetoed targeted sections of the Superintendent of Public Instruction budget so that the Legislature can improve its level of funding commitment to K-12 education programs in these and other areas.

Higher Education

While I applaud the Legislature's commitment to access through increased enrollment at colleges and universities, another critical element of accessibility is affordability. This budget provides insufficient funding to increase financial aid for the state's growing higher education population and threatens to limit access to a public higher education by students with low incomes and limited resources.

To recruit and retain quality personnel for the critical mission of educating our state's population into the twenty-first century, the operating budget should include state funding to raise

university faculty salaries to levels competitive with peer institutions, mitigate salary disparities for community and technical college part-time faculty, and provide adequate cost-of-living increases for all education employees.

The Legislature needs to create a more effective approach to accountability for higher education institutions. Performance measures, numeric goals and annual improvement targets should not be established through a political process, but with careful deliberation and collaboration between higher education institutions and the Higher Education Coordinating Board and State Board for Community and Technical Colleges. The Legislature's timeline for release of incentive funds is unworkable.

I remain strongly committed to holding institutions of higher education accountable, including financial incentives for improved performance, and I look forward to working with the Legislature to develop a strong but realistic policy.

Finally, while I support the notion of holding institutions financially accountable for meeting a reasonable enrollment target, the sanction proposed by the Legislature is unworkable.

In order to address these and other issues, funding for each institution must be altered, and therefore I have vetoed most sections of the higher education budget.

Support for Working Families

The budget provides low levels of financial aid and support services for dislocated and unemployed workers and for low-income students in work-based learning programs. Community and technical colleges must continue to improve opportunities and assistance for parents who need to get off welfare and low-wage workers who need to improve their job skills.

The Basic Health Plan budget does not provide reasonable access to affordable health insurance for Washington's low-income working families. The budget would continue the current freeze on enrollment levels. Premium increases in the budget will make this insurance program unaffordable to many families. By increasing the cost of financial sponsorship (by community groups, family members and others who pay premiums on behalf of the previously uninsured) the budget would eliminate coverage for many current enrollees. The Legislature needs to improve funding for the Plan to keep the commitment made by members of both parties when much of the state's health reform act was repealed.

Meeting Our Responsibilities for Children and Others in Need

While I appreciate and applaud the improvements in children's services funding in the conference budget, compared to the original legislative budgets, one key issue still needs to be addressed: I urge the Legislature to add additional field staff for Children and Family Services. My budget included funding to ensure that the minimum legal and policy requirements would be met as the agency works to protect children from abuse and neglect.

The Legislature's budget also requires that General Assistance-Unemployable recipients needing alcohol or drug

treatment be assigned a protective payee to protect their cash assistance. While I support the concept of protective payees in this program, the legislative budget proposes unnecessarily deep reductions in the General Assistance program. I cannot support policy changes that increase administrative costs when basic cash and medical assistance benefits are not adequately funded. We should be able to devise a final budget that provides increased accountability while meeting our responsibility to those unable to participate in the workforce.

Affordable child care is a crucial part of successfully moving people from welfare to work. I will work with the Legislature to devise a workable co-payment schedule for low income working parents supported by adequate funding in the budget.

Water and the Columbia River Gorge Commission

Water is critical for the state's economy, our fish and our quality of life. Funding for water issues in the Dept. of Ecology is not adequate. In addition, no funding is included for progress on water issues in the Departments of Health, Fish and Wildlife, and Community, Trade, and Economic Development. In order to break the water resources impasse, these agencies must have adequate funding for water resource management.

Although I have vetoed funding for water-related legislation that has not yet passed, my administration will continue to work with legislators to reach agreement on these bills and a funding package. My intent is to keep our options for progress open. As water legislation reaches my desk, only adequately funded measures will be considered for approval.

The funding provided for the Columbia River Gorge Commission is inadequate to meet state and federal obligations under the National Scenic Area Act (P.L. 99-663) and the Scenic Area Compact (RCW 43.97). Failure to restore full funding is likely to result in the U.S. Secretary of Agriculture assuming direct control of all permitting within the scenic area under Section 14(e) of the act.

Juvenile Justice

The Department of Corrections and the Juvenile Rehabilitation Administration within DSHS are affected by the Juvenile Justice legislation currently being considered. I have been encouraged by the good faith efforts of the fiscal chairs to fully fund the legislation. At least one version currently under consideration would require a reallocation of resources among agencies without increasing the total funding. My vetoes are intended to take advantage of the opportunity to reallocate the funds to match the final bill.

Teacher and Other Compensation

K-12 teachers, Higher Education faculty and staff, certain vendors, and state employees have had one 4 percent cost of living adjustment in four years. The Legislature's budget proposes to provide one 3 percent increase in two years. In the past, teachers

and other public employees have shared the burden of economic tough periods in budgets that provided no salary increases. This is not such a time. We have granted tax cuts and continue to have ongoing revenue we can spend under the Initiative 601 limit. By barely covering the one-half of the anticipated cost of inflation in the next two years, we risk losing our best teachers, faculty and other public servants. The legislative budget also lags implementation of SB 6767 salary adjustments. We can and must do better.

For these reasons, I have vetoed the following sections of the budget:

Section 125, pages 12-16 (Department of Community, Trade, and Economic Development);

Section 202, pages 27-31 (Department of Social and Health Services « Children and Family Services Program);

Section 203, pages 31-34 (Department of Social and Health Services « Juvenile Rehabilitation Administration);

Section 207 (1), page 43, General Assistance-Unemployable Program (Department of Social and Health Services « Economic Services Program);

Section 207 (6), pages 43-44, Child Care (Department of Social and Health Services « Economic Services Program);

Section 213 (1), page 49, Vendor Rate Increases (Department of Social and Health Services);

Section 214, pages 50-51 (State Health Care Authority);

Section 222 (2), pages 59-60 (Department of Corrections, Institutional Services);

Section 301, page 64 (Columbia River Gorge Commission);

Section 302 (3), (4), (5), and (6), pages 66-67; and (19), (20), (21), and (22), page 69, provisos relating to water bills (Department of Ecology);

Section 307, pages 72-75 (Department of Fish and Wildlife);

Section 501, pages 82-88, For State Administration (Superintendent of Public Instruction);

Section 503, pages 94-97, For Basic Education Employee Compensation (Superintendent of Public Instruction);

Section 504, pages 98-100, For School Employee Compensation (Superintendent of Public Instruction);

Section 510, pages 105-106, For Local Effort Assistance (Superintendent of Public Instruction);

Section 514, pages 107-108, Education Reform Programs (Superintendent of Public Instruction);

Section 515 (3), (4), (5), pages 109, For Transitional Bilingual Programs (Superintendent of Public Instruction);

Section 517, pages 110-112, Local Enhancement Funds (Superintendent of Public Instruction);

Section 601 through 609, pages 113-125 (Higher Education);

Section 610 (1), (2), (3), pages 125-126 (Higher Education Coordinating Board « Policy Coordination and Administration);

Section 611, pages 127-130 (Higher Education Coordinating Board « Financial Aid and Grant Programs);

Section 714, page 138 (Salary Cost of Living Adjustment); and

Section 716, pages 139-140 (Compensation Actions of Personnel Resources Board).

Other Issues Needing Resolution

While I have chosen to use my veto authority selectively to address major issues presented by the Legislature's budget, I am also concerned about several other areas of the budget. These include the level of funding for the Growth Management Hearings Boards, the Office of Financial Management, agencies for Health Policy, the Department of Natural Resources, and the State Patrol.

Of particular concern are reductions in the Department of Health budget and for the General Assistance-Unemployable program.

In the Department of Health, additional funding is required for the AIDS Prescription Drug Program to continue to make available successful drug therapies both for current enrollees and anticipated demand. These drugs are proving very beneficial in improving the health and life expectancy of people with HIV.

In addition, I continue to place a priority on establishing a comprehensive Child Death Review system. Other states, including Oregon, have found real benefits for children in understanding the causes of all child deaths in their states. I urge the Legislature to make this additional investment in our children's health and safety.

Finally, in the Department of Health, the 70 percent reduction in current funding levels for the pesticide program will harm the ability of farmers, workers and the public to use pesticides safely.

Reductions to the General Assistance-Unemployable program will result in discontinuation of cash and medical assistance for 4,000 disabled people in communities throughout the state. Besides the human cost of this reduction, local governments, merchants, and social services agencies will bear the brunt of this reduction.

Budget discussions over the remaining days of the legislative session are an opportunity for us to resolve these important issues as well.

Additional Vetoes

In addition to the items above, I have also vetoed a number of items for the reasons set out below:

Section 211 (3), page 47, (Department of Social and Health Services « Administration and Supporting Services)

Consistent with my opposition to any measure which is divisive, hurtful or disrespectful of our fellow Washingtonians, I have vetoed this proviso.

Section 212 (2), page 48, Child Support Waiver (Department of Social and Health Services « Child Support Program)

This proviso requires the Department of Social and Health Services (DSHS) to request a waiver from federal support enforcement regulations to replace current program audit criteria with performance measures based on program outcomes. The federal government has already replaced its process-based audit criteria with performance-based criteria. DSHS currently operates under a performance-based agreement with the federal government. There is no need for a waiver, therefore I have vetoed this proviso.

Section 302 (17), page 68, Restriction on the purchase of

special purpose (four-wheel drive) vehicles (Department of Ecology)

Section 302 (17) requires the Department of Ecology (DOE) to reduce its fleet of special purpose vehicles by 50 percent by June 30, 1999. In addition, DOE is required to replace the special purpose vehicles with fuel efficient vehicles or not replace them at all, depending on the agency's vehicle requirements. This restriction will severely impair DOE's ability to reach remote areas to attain water quality samples, respond to oil and hazardous materials spills, and support the Washington Conservation Corps program.

Section 719, page 142, Lines 6-26 (For the Office of Financial Management « Regulatory Reform)

This section makes appropriations to the Office of Financial Management for allocations to agencies for the implementation of Engrossed Second Substitute House Bill 1032 (regulatory reform) and Engrossed Substitute Senate Bill 5105 (state/federal rules). This funding is based on estimated impacts of an earlier version of House Bill 1032. It is not clear that the amount is sufficient for the current version of the bill, which reduces certain costs but adds provisions that will impact a wider group of agencies. I am also concerned to find that no additional funding is provided to implement Engrossed Substitute Senate Bill 5105, which also requires agencies to review their rules, but on a different schedule and with different criteria than the ones required under the House bill. On March 25, 1997, I signed an Executive Order requiring agencies to implement key features of regulatory reform, including a review of their major rules; however, I do not expect agencies to be able to absorb the costs of doing multiple comprehensive reviews of their rules. For these reasons I have vetoed this proviso, to give the Office of Financial Management greater flexibility and will work with the Legislature to perfect funding levels and language in the final budget.

Section 916, page 154, Prohibition on expenditures for the Governor's Council on Environmental Education

Section 916 prohibits the use of funds in the omnibus appropriations act on the Governor's Council on Environmental Education. There are eleven state agencies that work with the state's environmental community and federal agencies on environmental education related activities. Funding for the Council is necessary to promote efficient and coordinated efforts in this area.

With the exception of sections 125; 202; 203; 207 (1); 207 (6); 211 (3); 212 (2); 213 (1); 214; 222 (2); 301; 302 (3); 302 (4); 302 (5); 302 (6); 302 (17); 302 (19); 302 (20); 302 (21); 302 (22); 307; 501; 503; 504; 510; 514; 515 (3); 515 (4); 515 (5); 517; 601; 602; 603; 604; 605; 606; 607; 608; 609; 610 (1); 610 (2); 610 (3); 611; 714; 716; 719 (lines 6-26); and 916, Substitute Senate Bill 6062 is approved.

Respectfully submitted,
Gary Locke
Governor