

VETO MESSAGE ON ESHB 1244

May 19, 2009

The Honorable Speaker and Members
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 103(6); 105(3); 105(5); 117(2); 117(4); 117(5); 124(3); 126(5); 128(7); 128(11); 128(15); 128(17); 128(24); 137(4); 148(5); 152, page 39, lines 20-26; 153, page 39, lines 34-36 and page 40, lines 1-4; 204(4)(a); 205(1)(h); 205(1)(q); 207(4); 209(10); 209(11); 209(14); 209(15); 209(33); 218(12); 218(13); 218(14); 222(3); 222(20); 223(2)(b); 223(2)(f); 302 page 104, lines 18 and 19; 302(11); 302(18); 303(2); 303(4); 307(5); 309(4); 309(5); 401, page 120, lines 7, 17 and 18; 401(3); 402(3); 614(1); 616(8); 805, page 205, lines 29-31; 805, page 206, lines 33-35; 936; 948; 955; 1104(1); 1104(2); and 1105(1) of Engrossed Substitute House Bill 1244 entitled:

"AN ACT Relating to fiscal matters."

I have vetoed the following appropriation items because of concerns with policy or technical issues relating to the legislative provisions:

Section 105(3), page 6, Office of the State Actuary, University of Washington Medical Center and Harborview Medical Center Financial Reporting

Funding is provided from the Department of Retirement Systems Expense Account for the Office of the State Actuary to assist the University of Washington Medical Center and Harborview Medical Center with the financial reporting of their postretirement benefits liabilities. Because the University of Washington will reimburse the State Actuary for its assistance, no appropriation is needed for this purpose. For this reason, I have vetoed Section 105(3).

Section 105(5), page 6, Office of the State Actuary, Health Benefits Study

The Legislature provided \$735,000 for the State Actuary to conduct an actuarial study comparing the cost of providing health benefits to employees of the Washington state retirement systems and the cost paid by employees and employers for those benefits. The study cannot be completed with the funding provided, nor is it an authorized use of the Health Care Authority Administrative Account. For these reasons, I have vetoed Section 105(5).

I recognize that this approach was intended to reflect the intentions of Second Substitute Senate Bill 5491, which did not pass. This measure would have required the Health Care Authority to develop a strategy to reduce the cost of providing health benefits for K-12 employees. This is an appropriate goal and I will work with the Legislature and the Office of the Superintendent of Public Instruction on this goal.

Section 117(2), (4) and (5), pages 13-15, Office of the Governor, Coal-Fired Energy Plants

These provisos require convening of a joint legislative and executive task force on coal-fired energy plants to evaluate alternatives for how existing plants can meet the greenhouse gas emissions performance standards mandated by Engrossed Second Substitute Senate Bill 5735. While I support the goal of reducing greenhouse gas emissions and am committed to working toward that end with the owners of the state's remaining coal-fired plant, this measure did not pass and I have therefore vetoed Section 117(2),(4), and (5).

Section 124(3), page 18, State Auditor, Performance Audit Reporting

The State Auditor is required to report to the Legislature on state expenditure savings achieved from the implementation of performance audits, with legislative intent to reduce the scheduled transfer from the Performance Audits of Government Account to the General Fund when actual savings are demonstrated. Because the Auditor's Office cannot require agencies to implement performance audit recommendations, the appropriation should not be based on savings the Auditor cannot direct. Therefore, I have vetoed Section 124(3).

Section 126(5), pages 19-20, Attorney General, Human Trafficking Violations

Funding is provided for the Attorney General's Office to implement Section 4 of Engrossed Second Substitute Senate Bill 5850. On May 14, 2009, I vetoed Section 4 of this measure, thus eliminating the need for the Attorney General's Office to engage in this effort. For this reason, I have vetoed Section 126(5).

Section 128(7), page 23, Department of Community, Trade and Economic Development, Associate Development Organizations

This proviso requires associate development organizations receiving funding from the Department of Community, Trade and Economic Development to coordinate workforce and economic development activities with community and technical colleges, and to identify clusters of related industries. While I am supportive of these coordination efforts, the proviso is in conflict with Substitute House Bill 1323, which assigns responsibility for identification and alignment of industry clusters to the Workforce Training and Education Coordinating

Board and local Workforce Development Councils. For this reason, I have vetoed Section 128(7).

Section 128(15), pages 24-25, Department of Community, Trade and Economic Development, County Life-Cycle Cost Analysis

This proviso requires counties receiving certain state affordable housing funds to include life-cycle cost analysis as a criterion in housing award decisions and to submit annual reports to the state on distribution of funds. Two bills with similar provisions did not pass the Legislature during the 2009 Session. While I encourage analytical tools like life-cycle cost analysis, I do not believe the budget bill is an appropriate vehicle for these policy provisions. For this reason, I have vetoed Section 128(15).

Section 128(17), page 25, Department of Community, Trade and Economic Development, Economic Development Commission Study

This proviso requires the Economic Development Commission to conduct a review of state infrastructure programs and deliver a report on policy and funding options to the Legislature and the Governor. No funding was provided to the Economic Development Commission for this work. Additionally, I would expect that such a review would occur within the Department of Community, Trade and Economic Development's work to develop recommendations for its core mission and programs as the Department of Commerce. For these reasons, I have vetoed Section 128(17).

Section 148(5), page 37, Liquor Control Board, Increasing Appropriations

This proviso would increase funding to the Liquor Control Board in the event that Senate Bill 6065 was not passed by the Legislature. That bill did not pass. I remain committed to reorganizing the agency so that it is administered by a single director, with a voluntary board providing policy oversight. Therefore, I do not believe it is appropriate to increase its funding at this time. For this reason, I have vetoed Section 148(5).

Section 204(4)(a), pages 57-58, Department of Social and Health Services, Report on Competency Evaluations

The Department of Social and Health Services is required to report on the waiting periods experienced for competency evaluations and competency restoration treatment. No funding was provided for these activities. For this reason, I have vetoed Section 204(4)(a).

Section 205(1)(h), page 61, Department of Social and Health Services, New Freedom Waiver Program

This proviso allows the Department of Social and Health Services to expand the New Freedom Waiver Program. However, the program is administered in the Long Term Care Program, and

identical language is included in that program's section of the budget. For this reason, I have vetoed Section 205(1)(h).

Section 205(1)(q), page 63, Department of Social and Health Services, Developmental Disabilities Employment and Day Services

The Department of Social and Health Services is directed to establish a minimum number of service hours for employment and day services offered as part of a Medicaid waiver program. This requirement creates a potential conflict with federal requirements that a client's individual assessed need is the only determinant for the number of authorized service hours. For this reason, I have vetoed Section 205(1)(q).

Section 207(4), page 72, Department of Social and Health Services, Refugee and Immigrant Assistance Reorganization Report

This proviso requires the Department of Social and Health Services to provide detailed reports on outcomes of reorganizing the Office of Refugee and Immigrant Assistance. No funding was provided for these reports. For this reason, I have vetoed Section 207(4). The Department will keep the Legislature fully apprised of the progress of the reorganization.

Section 209(10), page 77, Department of Social and Health Services, Funds for Podiatry Services

This proviso declares that sufficient funds exist within Medical Assistance appropriations for the delivery of podiatry services as a part of the state's medical program. While there currently are sufficient funds, we need to allow the Department of Social and Health Services the widest range of fiscal flexibility to administer its programs should revenues continue to decline. For this reason, I have vetoed Section 209(10).

Section 209(11), page 77, Department of Social and Health Services, Funds for Adult Dental Services

This proviso declares that sufficient funds exist within Medical Assistance appropriations for the delivery of adult dental services as a part of the state's medical program. While there currently are sufficient funds, we need to allow the Department of Social and Health Services the widest range of fiscal flexibility to administer its programs should revenues continue to decline. For this reason, I have vetoed Section 209(11).

Section 209(14), page 77, Department of Social and Health Services, Funds for Family Planning Nurses

This proviso declares that sufficient funds exist within Medical Assistance appropriations for the staffing of family planning nurses in the state's community service offices as a part of the state's medical program. While there currently are

sufficient funds, we need to allow the Department of Social and Health Services the widest range of fiscal flexibility to administer its programs should revenues continue to decline. For this reason, I have vetoed Section 209(14).

Section 209(15), page 77, Department of Social and Health Services, Analysis of Home Dialysis

The Department of Social and Health Services is directed to conduct an analysis of potential savings that may be generated by using home-based kidney dialysis. The state already provides this service when appropriate. Additionally, no funding was provided for this analysis. For these reasons, I have vetoed Section 209(15).

Section 209(33), page 81, Department of Social and Health Services, Graduate Medical Education payments

This proviso requires the Department of Social and Health Services to direct payments for the federal Graduate Medical Education Program (GME) to graduate programs that focus on primary care training. While I commend the effort to increase the level of primary care training, the method proposed by the proviso is not feasible. The University of Washington Medical Center and Harborview Medical Center are the only two participating GME programs. GME program payments are included as a part of their reimbursement for inpatient hospital services provided to state clients. There is no way for the Department to direct the payments exclusively to primary care training. For this reason, I have vetoed Section 209(33).

Section 222(3), page 94, Department of Health, Pesticide Incident Report and Review Panel

The Department of Health is required to continue the operations of the Pesticide Incident Report and Review Panel. The budget includes a 50 percent reduction in funding for this activity and for human pesticide exposure and poisoning programs. It is inappropriate to prioritize the activity of the panel over other activities and programs administered by the Department. For this reason, I have vetoed Section 222(3).

Section 222(20), page 96, Department of Health, Health Care Workforce Survey

This proviso declares that sufficient funds are provided for the continuation of the Health Care Workforce survey. Like all state agencies, the Department of Health is being asked to make significant service reductions. We need to allow the agency the widest range of fiscal flexibility to administer its programs should revenues continue to decline. For this reason, I have vetoed Section 222(20).

Section 223(2)(b), page 97, Department of Corrections, Pet Partnership Program at Women's Corrections Center

While this program has demonstrated benefits, the agency should have flexibility to prioritize its expenditures to

accommodate the significant reductions reflected in this budget. For this reason, I have vetoed Section 223(2)(b).

Section 223(2)(f), page 98, Department of Corrections, Correction Savings Bills

This statement on bills that generated budget savings includes two bills that did not pass, Engrossed Senate Bill 6183 (Illegal Immigrant Offenders) and Substitute Senate Bill 6160 (Criminal Justice Sentencing). Therefore, I have vetoed Section 223(2)(f).

Section 302, page 104, lines 18-19, Department of Ecology, Emissions Reduction Assistance Account Appropriation

This section includes an appropriation from the Emissions Reduction Assistance Account, a new account created in Engrossed Second Substitute Senate Bill 5735 (Reducing Greenhouse Gas Emissions), a bill that did not pass. For this reason, I have vetoed this appropriation.

Section 303(4), page 110, State Parks and Recreation Commission, Actively Pursue Transfers of State Parks

This proviso would require the State Parks and Recreation Commission to actively pursue transferring ownership of state parks to local governments, tribes, or other entities. It also would require biennial updates of this effort to the Office of Financial Management and the appropriate fiscal committees of the Legislature. The Commission is already pursuing the transfer of certain state parks that are inconsistent with its long-range strategic Centennial plan. For this reason, I have vetoed section 303(4). However, I encourage the Commission to pursue the transfer of parks to other operators when it is appropriate and mutually beneficial and to provide updates to OFM and the appropriate fiscal committees of the Legislature no later than September 1, 2009.

Section 309(4), page 118, Department of Agriculture, Milk Price Stabilization Work Group and Report

This proviso requires the Department of Agriculture, within existing funds, to convene a meeting of dairy industry members to consider methods to stabilize milk prices, and to report findings to the Legislature. No funding was provided for these activities. For this reason, I have vetoed Section 309(4). I encourage the Department to work with the dairy industry to develop strategies to pursue with our congressional delegation.

Section 401, page 120, lines 7, 17 and 18, Cemetery Account and Funeral Directors and Embalmers Account

Funds from the Cemetery Account and the Funeral Directors and Embalmers Account are appropriated to the Department of Licensing. These accounts were repealed on April 15, 2009, when I signed Engrossed Substitute House Bill 2126, the

Cemetery and Funeral Directors Boards bill. For this reason, I have vetoed Section 401, lines 7, 17, and 18.

Section 402(3), page 122, Washington State Patrol, King Air Cost Recovery

The State Patrol will continue to charge other agencies for the use of its planes, but State Patrol security responsibilities have historically been funded in the agency's aviation budget. For this reason, I have vetoed Section 402(3).

Section 614(1), pages 186-187, Workforce Training and Education Coordinating Board

This proviso attempts to direct the Governor's discretionary Workforce Investment Act (WIA) funds to the Workforce Training and Education Coordinating Board to begin work on the Opportunity Internship Program. While I am committed to the success of this new effort, the Board does not control the federal WIA funds, and it is inappropriate to direct the Governor's flexible pool in this manner. I will work with the Board to find a solution that will enable this important work to begin, but have vetoed Section 614(1).

Section 805, page 205, lines 29-31, Transfers from the State Convention and Trade Center Account to the State General Fund

This appropriation implements the transfer from the State Convention and Trade Center Account to the State General Fund authorized in Section 948. Since I have vetoed that authorization, I have also vetoed Section 805, lines 29-31.

Section 805, page 206, lines 33-35, Transfer from the Performance Audits of Government Account to the State General Fund

Although the Performance Audits of Government Account has accumulated a surplus fund balance during initiation of the State Auditor's program, a transfer of \$29.24 million would significantly detract from the state's ability to conduct performance audits in the future. However, because all of state government must make reductions in these tough economic times, the Auditor has committed to a \$15 million transfer that can be accomplished in the next legislative session. For these reasons, I have vetoed Section 805, lines 33-35.

Section 936, pages 231-232, Savings Incentive Program Report

This section amends RCW 43.79.460 and Section 902, Chapter 4, Laws of 2009, delaying the requirement for the annual Savings Incentive Report until December 2010. Engrossed Substitute House Bill 2327 amends the same statute, but eliminates the report permanently, causing conflicting language. To eliminate conflicting amendments, I have vetoed Section 936.

Section 948, pages 246-248, State Convention and Trade Center Account

Section 948 amends RCW 67.40.040 and Section 917, Chapter 329, Laws of 2008 and Section 6011, Chapter 328, Laws of 2008, defining eligible uses of funds in the State Convention and Trade Center Account, and suspends for the 2009-11 Biennium the retention requirement and transfers to tourism accounts. With the 2010 Olympics being held in Vancouver, British Columbia, we have a unique opportunity to attract tourists to the state of Washington in the next fiscal year. Tourism spending in Washington directly supports nearly 150,000 jobs for our residents -- jobs that are vital to our economic recovery. In addition, while I believe the Fiscal Year 2009 transfer can be accomplished, it may be called into question because of the language in this proviso. This would adversely affect the 2009 supplemental budget. A clean transfer of funds can be accomplished in the 2010 supplemental budget. For these reasons, I have vetoed Section 948.

Section 955, pages 258-259, Department of Fish and Wildlife, Eastern Washington Pheasant Enhancement Account

This section requires that no less than 80 percent of the funds from the Eastern Washington Pheasant Enhancement Account are to be used to purchase or produce pheasants. Substitute House Bill 1778 which I signed on May 5, 2009, removes the 80 percent requirement, which allows the Department more flexibility for habitat development and other long-term actions to improve pheasant production. For this reason, I have vetoed Section 955.

Section 1104(1), page 302, lines 14-15, Department of Social and Health Services, Mental Health Services

Section 1104(2), page 306, lines 22-23, Department of Social and Health Services, Mental Health Services

Section 1105(1), page 310, lines 3-4, Department of Social and Health Services, Developmental Disabilities Community Services

These reductions to Fiscal Year 2009 appropriation are vetoed in order to retain a total of \$32.276 million to ensure that the Department of Social and Health Services has sufficient resources to cover caseload and related costs in Medical Assistance. For this reason, I have vetoed Section 1104(1), lines 14-15; Section 1104(2), lines 22-23; and Section 1105(1), lines 3 and 4.

A number of appropriations in Engrossed Substitute House Bill 1244 are contingent upon separate legislation, with legislative direction that the appropriations will lapse if the bills are not enacted. The following vetoes relate to bills that did not pass:

Section 103(6), page 4, Joint Legislative Audit and Review Committee, Engrossed Substitute House Bill 2338, (Growth Management Hearings Board)

Section 128(11), pages 23-24, Department of Community, Trade and Economic Development, Engrossed Substitute Senate Bill 5840, (Energy Independence)

Section 128(24), page 26, Department of Community, Trade and Economic Development, Second Substitute House Bill 1797, (Rural and Resource Lands Study)

Section 137(4), page 33, Department of Revenue, Substitute House Bill 1597, (Tax Administration)

Section 152, page 39, lines 20-26, Public Employment Relations Commission, Substitute House Bill 1329, (Child Care Center Collective Bargaining)

Section 153, page 39, lines 34-36, page 40, lines 1-4, Department of Archaeology and Historic Preservation, Second Substitute House Bill 1090, (Human Remains)

Section 218(12), page 90, Department of Labor and Industries, Engrossed Second Substitute Senate Bill 5895, (Residential Real Property)

Section 218(13), page 90, Department of Labor and Industries, Engrossed Substitute Senate Bill 6035, (Retrospective Rating Plans)

Section 218(14), page 90, Department of Labor and Industries, Engrossed Second Substitute House Bill 1393, (Residential Construction)

Section 302(11), page 106, Department of Ecology, Engrossed Second Substitute Senate Bill 5735, (Reducing Greenhouse Gas Emissions)

Section 302(18), page 107, Department of Ecology, Substitute Senate Bill 5282, (Bisphenol A Use)

Section 303(2), page 109, State Parks and Recreation Commission, Substitute House Bill 2109, (State Parks and Recreation Funding)

Section 307(5), page 113, Department of Fish and Wildlife, Substitute House Bill 1972, (Outdoor Recreation Information)

Section 309(5), page 118, Department of Agriculture, Substitute Senate Bill 5005, (Naturally Raised Beef Cattle)

Section 401(3), page 120, Department of Licensing, Engrossed Substitute Senate Bill 5529, (Architects)

Section 616(8), page 189, Department of Early Learning, Substitute House Bill 1329, (Child Care Center Collective Bargaining).

For these reasons, I have vetoed Sections 103(6); 105(3); 105(5); 117(2); 117(4); 117(5); 124(3); 126(5); 128(7); 128(11); 128(15); 128(17); 128(24); 137(4); 148(5); 152, page 39, lines 20-26; 153, page 39, lines 34-36 and page 40, lines 1-4; 204(4)(a); 205(1)(h); 205(1)(q); 207(4); 209(10); 209(11); 209(14); 209(15); 209(33); 218(12); 218(13); 218(14); 222(3); 222(20); 223(2)(b); 223(2)(f); 302 page 104, lines 18 and 19; 302(11); 302(18); 303(2); 303(4); 307(5); 309(4); 309(5); 401, page 120, lines 7, 17 and 18; 401(3); 402(3); 614(1); 616(8); 805, page 205, lines 29-31; 805, page 206, lines 33-35; 936; 948; 955; 1104(1); 1104(2); and 1105(1) of Engrossed Substitute House Bill 1244.

With the exception of Sections 103(6); 105(3); 105(5); 117(2); 117(4); 117(5); 124(3); 126(5); 128(7); 128(11); 128(15); 128(17); 128(24); 137(4); 148(5); 152, page 39, lines 20-26; 153, page 39, lines 34-36 and page 40, lines 1-4; 204(4)(a); 205(1)(h); 205(1)(q); 207(4); 209(10); 209(11); 209(14); 209(15); 209(33); 218(12); 218(13); 218(14); 222(3); 222(20); 223(2)(b); 223(2)(f); 302 page 104, lines 18 and 19; 302(11); 302(18); 303(2); 303(4); 307(5); 309(4); 309(5); 401, page 120, lines 7, 17 and 18; 401(3); 402(3); 614(1); 616(8); 805, page 205, lines 29-31; 805, page 206, lines 33-35; 936; 948; 955; 1104(1); 1104(2); and 1105(1), Engrossed Substitute House Bill 1244 is approved.

Sincerely,
Christine O. Gregoire
Governor