

VETO MESSAGE ON ESSB 6444

May 4, 2010

The Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 109; 117, page 17, lines 10-11; 127(27); 127(28); 127(31); 127(36); 127(38); 127(39); 129, page 35, lines 19-20; 129(3); 129(6); 131(2); 201(7); 204(3)(f); 205(1)(m); 205(1)(n); 205(1)(o); 205(1)(p); 205(1)(r); 205(1)(s); 206(20); 206(21); 207(2); 207(11); 209(14); 209(35); 209(38); 209(39); 209(40); 209(41); 209(42); 209(47); 212(6); 212(7); 214(7); 214(8); 221(21); 221(28); 223(2)(h); 303(3); 303(4); 304 (4); 306(2); 308(15); 501(1)(b); 501(1)(f)(iv); 604(7); 605(5); 708; 717; 803, page 281, line 38, and page 282, lines 1-11; 803, page 283, lines 20-22; 803, page 283, lines 23-27; 803, page 285, lines 28-31; 902; 908; 920; 926; 937; and 939, Engrossed Substitute Senate Bill 6444 entitled:

"AN ACT Relating to fiscal matters."

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

Section 109, page 10, Supreme Court, Change to Fiscal Year 2011 General Fund-State Appropriation

The reduced appropriation to the Supreme Court in this section will impede the Court's capacity to hear cases in a timely manner. The Court will work with the Legislature to implement budget reductions in the 2011 Supplemental Budget; therefore, I have vetoed Section 109.

Section 117, page 17, lines 10-11, Lieutenant Governor, Reduction to Private/Local Appropriation

The \$2,000 reduction in the existing private/local fund appropriation would require the agency to turn away grant funds from a local school district. For this reason, I have vetoed Section 117, lines 10-11.

Section 127(27), page 30, Department of Commerce, Microenterprise Development Organizations

This proviso prohibits the Department of Commerce from reducing the funding for microenterprise development organizations by more than ten percent this biennium. This restriction limits the agency's ability to manage necessary budget reductions. For this reason, I have vetoed Section 127(27).

Section 127(28), pages 30-31, Department of Commerce, Workgroup to Study Gaps in State Commercialization Programs

This proviso requires the Department of Commerce to convene a work group to study the gaps and overlaps in programs that commercialize research and technology initiatives. This group must prepare a report to the Legislature no later than December 1, 2010, that identifies any gaps and overlaps, evaluates strategies to reduce administrative expenses, and recommends changes that would amplify and accelerate innovation-driver job creation in the state. No funding was provided for the review and study. For this reason, I have vetoed Section 127(28). However, I am directing the Department of Commerce to conduct as much of a review as is possible within its existing resources because I believe the information required by the proviso will be useful.

Section 127(31), pages 31-32, Department of Commerce, Separate Budget Request for the Economic Development Commission

This proviso requires the Economic Development Commission, currently funded through the Department of Commerce, to develop a separate budget request and work plan. It also creates an account for the receipt of gifts, donations, sponsorships, or contributions from which only the Commission or its designee may authorize expenditures. Because the Economic Development Commission is part of the Department of Commerce, its budget and work plan is and should remain part of the Department's budget requests. In addition, it is inappropriate to establish an account in an appropriations bill. For these reasons, I have vetoed Section 127(31).

Section 127(36), page 34, Department of Commerce, New Account for Washington Technology Center

This proviso creates the Investing in Innovation Account to be used only by the Washington Technology Center in carrying out the Investing in Innovation Grants Program and other innovation and commercialization activities. Since the Center is a non-profit organization, not a public agency, it cannot administer a state account. In addition, it is inappropriate to establish an account in an appropriations bill. For these reasons, I have vetoed Section 127(36).

Section 127(38), page 34, Department of Commerce, Washington State Quality Award Training for Small Manufacturers and Other Businesses

This subsection provides \$50,000 in General Fund-State funding for Washington State Quality Award Council training for small manufacturers and other businesses/organizations engaged in continuous quality improvement, performance measurement, strategic planning, and other approaches that enhance productivity. The state's current and projected fiscal environment necessitates spending on only the most essential state programs and activities, and spending \$50,000 on this

activity will provide minimal benefit to Washington's small businesses. For this reason, I have vetoed Section 127(38).

Section 127(39), page 34, Department of Commerce, Appropriation to Manufacturing Innovation and Modernization Account

This subsection provides \$50,000 in General Fund-State funding for deposit into the Manufacturing Innovation and Modernization Account, which provides vouchers to small manufacturers to purchase consulting services from a qualified manufacturing extension partner affiliate. To date, no small manufacturers have taken advantage of this program, and approximately \$150,000 remains in the account. Given the state's current and projected fiscal environment and the lack of demand for these services, an additional deposit of funds into this account does not seem warranted. For this reason, I have vetoed Section 127(39).

Section 129, page 35, lines 19-20, Office of Financial Management, Change to Fiscal Year 2011 General Fund-State Appropriation

The reduction to the Fiscal Year 2011 appropriation is vetoed in order to retain sufficient funds to conduct two critical budget-related studies: an independent assessment of placements in residential habilitation centers in Section 129(6) and an analysis and strategic business plan for the Consolidated State Data Center and Office in Section 129(7). Insufficient funds were provided to prepare a valuable study, and no new funds were provided for the Data Center study. The agency will still implement all administrative reductions assumed in the budget as passed, and the additional spending authority will be used to accomplish the new work assigned to the agency. For these reasons, I have vetoed Section 129, lines 19-20.

Section 129(3), pages 36-37, Office of Financial Management, Washington State Quality Award Training

This subsection provides \$25,000 in General Fund-State funding for the Office of Financial Management to contract with the Washington State Quality Award Program to provide training for state managers and employees. The state's current and projected fiscal environment necessitates spending on only the most essential requirements. For this reason, I have vetoed Section 129(3).

Section 129(6), page 38, Office of Financial Management

The \$200,000 appropriation for this study is divided between two fiscal years so the Office of Financial Management will not be able to use half of the money, making it impossible to satisfactorily complete the review as envisioned. Therefore, I am vetoing section 129(6). In order to assess the status of people who currently live in residential habilitation centers, I am directing the Department of Social and Health Services to

conduct assessments in a similar manner as is done for people in community residential programs. The assessments shall include interviews with all residential habilitation center residents or guardians of residents to determine the optimum setting for these individuals and shall include the option and choice to remain in a residential habilitation center. The Office of Financial Management shall contract with an independent consultant to review the assessments and determine whether there are funded options available in the community for residential habilitation center residents who indicate an interest in moving to a community placement and whether appropriate services and resources in the community exist or can be developed to provide adequate care for people with developmental disabilities. The consultant shall provide a report to me and the Legislature by December 1, 2010. For these reasons, I have vetoed Section 129(6).

Section 131(2), page 40, Department of Personnel, Employee Satisfaction Synopsis and Workforce Management Assessment

This proviso requires the Department of Personnel to provide a synopsis of survey data regarding state employee satisfaction and an assessment of career and executive work force management concerns. There is a technical problem with an incorrect reference to Section 119(4) instead of Section 123(4). For this reason, I am vetoing Section 131(2), but directing the Department to comply with the intent of the proviso to the degree possible within existing resources.

Section 201(7), pages 58-59, Department of Social and Health Services, Audit and Oversight Improvement

This proviso requires multiple changes to the Department's audit and oversight programs. This requirement would create a significant administrative burden, and no funding was provided for this purpose. For this reason, I have vetoed Section 201(7).

Section 204(3)(f), pages 81-82, Department of Social and Health Services, Report on Mental Health Services for Children

The Department of Social and Health Services is directed to provide a report on improving services for children who are at greatest risk of requiring long-term inpatient and residential care due to the severity of their emotional impairments. The proviso requires the Family Policy Council to prepare an inventory of current publicly funded efforts in Washington to identify children at risk of emotional impairments and to provide intervention before a mental disorder manifests itself. In light of national health care reform and the state's efforts to reorganize in response, requiring that a report be prepared by October 1, 2010, will not give the Department sufficient time to respond to health care reform, formulate a redesigned plan to address children's mental health, and work with the federal government. As the

Department is currently involved in litigation regarding children's mental health, and because I believe that all aspects of the public children's mental health system need to be evaluated in light of national health care reform and because a deadline of October 1 does not provide sufficient time to respond, I have vetoed Section 204(3)(f).

Section 205(1)(m), page 88, Department of Social and Health Services, County Employment Funding

This proviso prohibits the Department of Social and Health Services from reducing expenditures for contracts with counties for employment assistance for people with developmental disabilities. This restriction limits the Department's ability to manage necessary budget reductions. Therefore, I have vetoed Section 205(1)(m).

Section 205(1)(n), page 88, Department of Social and Health Services Developmental Disabilities Program, Agency Provider Savings and Hourly Rates

The Department of Social and Health Services is directed to report on the fiscal impact of Chapter 571, Laws of 2009 (Substitute House Bill 2361) and the relative hourly costs of agency providers and individual providers. However, no funding is provided for this purpose. Therefore, I have vetoed Section 205(1)(n).

Section 205(1)(o), pages 88-89, Department of Social and Health Services Developmental Disabilities Program, Workgroup on Administrative Burdens for the Homecare Industry

The Department of Social and Health Services is directed to convene a new work group to address administrative burdens on the homecare industry and to report on its findings. However, no funding is provided. Therefore, I have vetoed Section 205(1)(o).

Section 205(1)(p), page 89, Department of Social and Health Services, Report on Placements for Residential Clients

This proviso requires a quarterly report on all placements for residential clients in the community protection and expanded community programs in the Division of Developmental Disabilities. Because of the cost involved, I have vetoed Section 205(1)(p) and am directing the Department of Social and Health Services to continue providing the quarterly reports, which cover only new residential clients added to the programs in the current biennium.

Section 205(1)(r), page 89, Department of Social and Health Services, Self-Advocate Support

This proviso directs the Department of Social and Health Services to spend an additional \$100,000 to provide instruction in self-advocacy to families of individuals with developmental disabilities. In these difficult economic times,

it is not prudent to expand services. For this reason, I have vetoed Section 205(1)(r).

Section 205(1)(s), pages 89-90, Department of Social and Health Services, Community Support

The Department of Social and Health Services is directed to spend an additional \$100,000 for parent-to-parent networks and community support groups for people with developmental disabilities. In a time when we are reducing other valuable core services of state government, we cannot afford to expand these services. For this reason, I have vetoed Section 205(1)(s).

Section 206(20), page 97, Department of Social and Health Services Aging and Adult Services Program, Agency Provider Savings and Hourly Rates

The Department of Social and Health Services is directed to report on the fiscal impact of Chapter 571, Laws of 2009 (Substitute House Bill 2361) and the relative hourly costs of agency providers and individual providers. However, no funding is provided. Therefore, I have vetoed Section 206(20).

Section 206(21), pages 97-98, Department of Social and Health Services Aging and Adult Services Program, Workgroup on Administrative Burdens for the Homecare Industry

The Department of Social and Health Services is directed to convene a new work group to address administrative burdens for the homecare industry and to report on its findings. However, no funding is provided. Therefore, I have vetoed Section 206(21).

Section 207(2), pages 101-102, Department of Social and Health Services, Subcabinet Report on WorkFirst

This proviso directs the WorkFirst Subcabinet and Department of Social and Health Services to report on services provided and accessed by both general population clients and limited English proficiency clients. No funding is provided for this report. Therefore, I have vetoed Section 207(2).

Section 207(11), page 106, Department of Social and Health Services, Limited English Proficiency Services

This proviso reinstates a portion of the reduction taken in the 2009-11 enacted budget for limited English proficiency services. Given the budget context, it is not appropriate to restore this reduction. Therefore, I have vetoed Section 207(11).

Section 209(14), page 112-113, Department of Social and Health Services, Disability Lifeline Report on Transition from Fee-for-Service to Managed Care

This revised proviso requires the Department of Social and Health Services to report to the Legislature by November 1, 2010, on the impact of moving Lifeline medical clients from

fee-for-service to managed care, and expands the outcomes to be included in the evaluation currently required. Since there is a lengthy lag period between when services are received by a client and when they are paid for by the state, there will not be sufficient data to report. For this reason, I have vetoed Section 209(14).

Section 209(35), page 117, Department of Social and Health Services, Medication Therapy Management

This proviso requires the Department of Social and Health Services to enter into a contract for medication therapy management services only if the contractor guarantees the program will generate savings. While there may be merit in this concept, no additional administrative resources were provided for implementation. For this reason, I have vetoed Section 209(35).

Section 209(38), page 117, Department of Social and Health Services, Lowest Cost Prescription Drug Option

This proviso requires the Department of Social and Health Services to purchase a brand-name drug if the drug, after rebates and discounts, is the lowest-cost drug option. The Department has made good progress in reducing the growth in drug costs for state-purchased health care. This has been done through establishing a preferred drug list and emphasizing generic substitutes when appropriate. The Department will continue to purchase the lowest-cost drugs possible. However, there are challenges with implementing this requirement as written. In addition, no funding has been provided for this report. For these reasons, I have vetoed Section 209(38).

Section 209(39), page 117, Department of Social and Health Services, Report on New Prescription Drug Benchmark

The Department of Social and Health Services is required to report to the Legislature concerning the establishment of a new benchmark for prescription drugs to replace the Average Wholesale Price. No funding has been provided for this report. For this reason, I have vetoed Section 209(39).

Section 209(40), page 117, Department of Social and Health Services, School-based Medicaid Services

The proviso declares that sufficient funding is provided in the Appropriations Act to fund medical services provided to Medicaid clients in a school setting. This proviso restricts the agency's ability to limit services in this area should the budget situation demand it. For this reason, I have vetoed Section 209(40).

Section 209(41), page 118, Department of Social and Health Services, Pursuing and Reporting Drug Pricing Opportunities

The Department of Social and Health Services is required to report on the opportunities available to the state through the federal 340B drug pricing program. This program provides

certain federally supported program discounts on prescription drugs used for outpatient services. No funding was provided for this report. For this reason, I have vetoed Section 209(41).

Section 209(42), page 118, Department of Social and Health Services, Transition Plan to Move Fee-for-Service to Managed Care

The Department of Social and Health Services is required to develop a transition plan for the state's aged, blind, and disabled clients to move from a fee-for-service medical delivery system to a managed care delivery system. Since no funding was provided for this transition plan, I have vetoed Section 209(42). However, I am directing the Secretary of the Department of Social and Health Services and Administrator of the Health Care Authority to continue to assess the feasibility and cost effectiveness of moving from fee-for-service to managed care plans.

Section 209(47), pages 118-119, Department of Social and Health Services, Establishing Rates to Apple Health Managed Care

This proviso establishes the method by which premiums for the Apple Health Program will be established for rates set after July 1, 2010. As we move to implement national health care reform, it will be imperative that we retain as much flexibility as possible to control the cost of purchasing health care. As written, the proviso limits the Department of Social and Health Service's ability to adjust premiums to reflect the actual cost of providing health care within individual plans. For this reason, I have vetoed Section 209(47).

Section 212(6), page 121, Department of Social and Health Services, Governor's Juvenile Justice Advisory Committee

This proviso limits any budget cuts to the Governor's Juvenile Justice Advisory Committee. In this budget environment, state government should not be restricted from any possible avenues to reduce spending. Therefore, I have vetoed Section 212(6).

Section 212(7), pages 121-122, Department of Social and Health Services, Autism Health Coverage Study

The Department of Social and Health Services is directed to report, in collaboration with the Health Care Authority, on the fiscal impact of state-purchased health care to cover autism spectrum disorder diagnosis and treatment for individuals younger than 21 years. This is not the time to engage in new studies to assess the expansion of state-paid services, no matter how worthy. Therefore, I have vetoed Section 212(7).

Section 214(7), pages 124-125, Health Care Authority, Continuum of Care Pilot Project

This proviso directs the Health Care Authority to establish two pilot projects for low-income adults who are waiting for health care coverage from the Basic Health Plan. We are in the earliest stages of implementing national health care reform. At the same time, we struggle to maintain the state safety net in very difficult budget times. I need the Health Care Authority to focus on these two tasks. For this reason, I have vetoed Section 214(7).

Section 214(8), page 125, Health Care Authority, Nonsubsidized Basic Health Plan

The proviso directs the Health Care Authority, should it offer Basic Health Plan coverage to non-subsidized clients, to provide information concerning other health care coverage options. This requirement creates an unfunded administrative burden. It also duplicates the provision of such information currently available from the Office of the Insurance Commissioner. For this reason, I have vetoed Section 214(8).

Section 221(21), page 140, Department of Health, Funding for Nursing Commission Programs Related to Discipline, Impaired Practitioners and Expedited Credentials

This proviso, in combination with Section 926, reduces the library access surcharge applied to certification fees for nursing professionals. The surcharge, which all health professions pay, is used to provide access to health care literature through the University of Washington. This critical resource allows providers the opportunity to learn of best practices used in their professions and furthers the ongoing education of all health care professionals. While I support the purposes for which this funding would have been diverted, this funding source should continue to be dedicated to advancing the use of evidence-based health care practices in Washington. For this reason, I have vetoed Section 221(21).

Section 221(28), page 141, Department of Health, Tobacco Cessation Program Reductions

This proviso requires ten percent of every tobacco cessation program contract be directed for addressing minority populations. This proviso is unnecessary because the Tobacco Cessation Program in the aggregate spends eighteen percent of its resources to serve these target populations. Therefore, I have vetoed Section 221(28).

Section 223(2)(h), pages 144-145, Department of Corrections, Report on Earned Release Date

This proviso directs the Department of Corrections to submit a report by June 1, 2010, addressing issues related to the release of offenders on the earned release date. This task cannot be completed in the short timeframe specified in the proviso. Therefore, I have vetoed Section 223(2)(h) and am directing the Department to submit its report to the Office of Financial Management and legislative fiscal committees by

August 1, 2010. The Department will use this report to identify strategies to reduce the recent increase in the number of offenders held beyond their earned release dates, while maintaining public safety as a priority.

Section 303(3), pages 160-161, State Parks and Recreation Commission, Park Closure Language

Current budget language is revised to eliminate the provision that state parks may be closed if donation revenue is insufficient for ongoing operations. While this change does not appear to create an absolute prohibition on the closure of state parks, the revised language may create that impression. This would severely limit the agency's ability to manage state parks in the event that revenues drop below appropriated levels. For this reason, I have vetoed Section 303(3).

Section 303(4), page 161, State Parks and Recreation Commission, Restriction on Closure of Tolmie State Park

This proviso prohibits the State Parks and Recreation Commission from closing Tolmie State Park. I have encouraged the Commission to continue pursuing the transfer of certain state parks in the event that revenues decrease to manage the statewide parks system within budget. The Commission needs to retain this flexibility. For these reasons, I have vetoed Section 303(4).

Section 304(4), page 162, Recreation and Conservation Funding Board, Extension of the Biodiversity Council

This proviso extends the Biodiversity Council for one year, through the end of Fiscal Year 2011. While I strongly support the work of the Biodiversity Council, I am asking the Natural Resources Cabinet to absorb the Council's oversight role. As we undergo the process of natural resources reform, the Natural Resources Cabinet will assume many leadership roles previously performed by other entities. For these reasons, I have vetoed Section 304(4).

Section 306(2), page 163, State Conservation Commission, Infrastructure Improvements Related to Wildlife Habitat

This proviso dedicates \$38,000 of the General Fund-State for improving infrastructure on state-owned lands in Kittitas County. While habitat improvements are an important step in managing the balance between wildlife conservation and grazing rights, funding for this endeavor can be pursued via other means, including State Conservation Commission grants, local conservation district funding, and private sources. The state's current and projected fiscal environment necessitates spending on essential services and programs. For these reasons, I have vetoed Section 306(2).

Section 308(15), page 173, Department of Natural Resources, Excluding Shellfish Growers from the Department's Aquatic Habitat Conservation Plan

This proviso requires the Department of Natural Resources to exclude shellfish growers from its aquatic Habitat Conservation Plan if those growers have been issued a federal nationwide or individual permit. The Department and the shellfish industry have signed a Memorandum of Understanding which requires the Department and shellfish growers to finalize an agreement on shellfish aquaculture activities before the aquatic Habitat Conservation Plan is finalized. Because this is a collaborative effort, it would be inappropriate for the proviso to place restrictions on the unfinished product. For this reason, I have vetoed Section 308(15).

Section 501(1)(b), pages 182-183, Office of the Superintendent of Public Instruction, School District Reorganization Commission

This proviso creates a statewide commission on school district reorganization. I want school districts to focus their maximum attention on the immediate priorities of improving student learning and successfully implementing the next phase of education reforms. The charge to the Commission created in this proviso is very broad, and funding provided to the Office of the Superintendent of Public Instruction is insufficient to achieve the mandates of the proviso. For these reasons, I have vetoed Section 501(1)(b). The Joint Legislative Audit and Review Committee is conducting a study of the relationship between the cost of school districts and their enrollment size. Upon completion of its report, I encourage the Legislature and the Office of the Superintendent to explore opportunities for a focused review of school district organization.

Section 501(1)(f)(iv), page 185, Office of the Superintendent of Public Instruction, Exempting the Professional Educator Standards Board from Expenditure Restrictions

This section exempts the Professional Educator Standards Board from the restrictions on travel allowances and meeting costs that apply to other boards and commissions under Chapter 7, Laws of 2010, First Extraordinary Session (Engrossed Second Substitute House Bill 2617). This law allows agencies to seek exceptions to the travel and meeting restrictions for critically necessary work. To maintain consistency in the application of these restrictions among state boards and commissions, I have vetoed Section 501(1)(f)(iv).

Section 604(7), pages 243-244, University of Washington, Telecommunications Report

This subsection provides \$183,000 to the Technology Law and Public Policy Center at the University of Washington School of Law to prepare a report analyzing trends in the telecommunications industry and pathways for telecommunications reform. This work overlaps with the

functions of the state Utilities and Transportation Commission. This expenditure does not meet the highest priorities of state government at this time. Therefore I have vetoed Section 604(7).

Section 605(5), page 246, Washington State University, Business and Entrepreneurial Development Program Plan

This subsection provides \$100,000 to the Small Business Development Center at Washington State University to develop a state plan for coordination of small business and entrepreneurial development programs. Expenditure of funds on this effort does not meet the highest priorities of state government at this time. Therefore I have vetoed Section 605(5).

Section 708, pages 270-271, Washington Management Service and Exempt Management Services Reductions

This section ties to Section 2 of Engrossed Senate Bill 6503, which I have vetoed. The budget proviso assumes additional compensation reductions of \$10 million in General Fund-State funding from Washington Management Service and exempt managers, who comprise less than five percent of state employees. This cut would require that specified staff take nearly two weeks of temporary layoff time beyond the ten days included in ESB 6503. This inequity is likely to create problems in recruiting and retaining qualified and experienced workers, as well as be disruptive to normal state operations. Managers will be subject to temporary layoffs in the same proportion as all affected state employees. For these reasons, I have vetoed Section 708.

Section 717, pages 276-278, Agency Reallocation and Realignment of Washington Commission

Section 717 creates the Agency Reallocation and Realignment of Washington Commission. Its responsibilities would include examining current state operations and organization, and making proposals to reduce expenditures and to eliminate duplication and overlapping services. The sum of \$250,000 in General Fund-State dollars is provided for this purpose. While I strongly support these goals, there are programs that address the same concerns, most notably the Joint Legislative Audit and Review Committee, the Office of the State Auditor's performance audit program, the Governor's Government Management, Accountability, and Performance program, and the Office of Financial Management's Priorities of Government budget development process. I hope to have further discussions with legislative leadership to identify ways to address these issues within existing structures and resources. For these reasons, I have vetoed Section 717.

Section 803, page 281, line 38, and page 282, lines 1-11, Transfers from the Tobacco Settlement Account to the General Fund and the Life Sciences Discovery Fund

This transfer decreases funding for critical life sciences research by \$16.2 million, representing a 76 percent biennial reduction when coupled with the \$26 million reduction to the fund in the enacted 2009-11 biennial budget. In order to implement this level of reduction, the Life Sciences Discovery Authority would have to discontinue any future state grants for critical life sciences research. Funding at the current level is vital to accomplishing the state's Life Sciences Research and Development goal of tripling the state's life sciences research base and creating more than 20,000 new jobs. For this reason, I have vetoed Section 803, page 281, line 38, and page 282, lines 1 through 11.

Section 803, page 283, lines 20-22, Transfer from the Budget Stabilization Account to the General Fund

The transfers required by this budget appropriation were intended to take place if the Budget Stabilization Account transfers in House Bill 3197 did not occur. Since that measure passed and has been signed into law, the transfer is void. For this reason, I have vetoed Section 803, page 283, lines 20-22.

Section 803, page 283, lines 23-27, Transfer from the Liquor Revolving Account to the General Fund

This transfer is associated with a provision in Section 939 that allows restaurants and bars an exemption from paying a price increase on spirits. Since I have vetoed Section 939, I am also vetoing Section 803, page 283, lines 23-27.

Section 803, page 285, lines 28-31, Transfer from the Insurance Regulatory Account to the General Fund

This appropriation implements the transfer of \$10 million from the Insurance Commissioner's Regulatory Account to the General Fund-State authorized in Section 937. This transfer would place the Insurance Commissioner's Regulatory Account into a cash deficit position beginning in Fiscal Year 2011. For this reason, I have vetoed Section 803, page 285, lines 28-31.

Section 902, pages 289-290, Agency Staffing Report

The agency staffing report required by Section 902 adds another layer of complexity to the data already required to be reported through allotment and accounting systems. The addition of monthly job class information adds immensely to agency workloads with seemingly minimal benefit. I am directing the Office of Financial Management to work with legislative fiscal staff to identify alternative reporting formats that can be useful without creating an unacceptable workload burden. For these reasons, I have vetoed Section 902.

Section 908, page 294, Electronic Renewal Notices

This proviso mandates that every state agency make all of its renewals electronic by July 1, 2012. While I support the customer convenience and potential cost savings from doing business by electronic means, we must first assess the

question of whether agencies have the staffing and fiscal resources to accomplish this task. I will encourage all agencies to pursue electronic renewal options within their current budgets and to identify obstacles for possible consideration in the new biennial budget. For these reasons, I have vetoed Section 908.

Section 920, pages 301-302, Washington State Quality Awards

Section 920 accelerates the date by which agencies must apply to the Washington State Quality Awards program. It also limits that requirement for agencies that have more than 300 full-time equivalent employees. A great deal of time and effort is required for a well-executed Washington State Quality Award application. The new date of June 30, 2010, is too short a timeframe, especially for large agencies that may have to submit multiple applications. For these reasons, I am vetoing Section 920, pages 301-302.

Section 926, pages 306-307, Use of Surcharge for Nursing Professional Credentials

Because I have vetoed the program enhancement (Section 221(21)) supported by this funding, I am also vetoing Section 926, which authorizes the specific use of a portion of the existing surcharge on credential fees.

Section 937, pages 318-320, Authority for Transfer from the Insurance Regulatory Account to the General Fund

Section 937 amends RCW 48.02.190 and Section 1, Chapter 161, Laws of 2009, defining eligible uses of funds in the Insurance Commissioner's Regulatory Account, by permitting a current biennium transfer of excess fund balance to the General Fund-State. Since I have vetoed the transfer in Section 803, I am also vetoing the authorization in Section 937.

Section 939, pages 323-324, Exemption for Restaurants and Bars from Temporary Mark-up on Spirits

Section 939 exempts restaurants and bars from paying any price increase made by the Washington State Liquor Control Board during the 2009-11 Biennium if that increase relates to General Fund-State transfers or additional liquor profit distributions. Exempting restaurants and bars would reduce budgeted revenue assumptions by \$11 million. Of this amount, \$5.5 million directly affects the General Fund-State and its programs. The remaining shortfall could necessitate an increase in the price consumers pay at liquor stores. Restaurant and bars already receive discounts in price and tax exemptions, and it is inappropriate to provide additional discounts at the expense of state programs. For this reason, I have vetoed Section 939.

For these reasons, I have vetoed Sections 109; 117, page 17, lines 10-11; 127(27); 127(28); 127(31); 127(36); 127(38); 127(39); 129, page 35, lines 19-20; 129(3); 129(6); 131(2);

201(7); 204(3)(f); 205(1)(m); 205(1)(n); 205(1)(o); 205(1)(p); 205(1)(r); 205(1)(s); 206(20); 206(21); 207(2); 207(11); 209(14); 209(35); 209(38); 209(39); 209(40); 209(41); 209(42); 209(47); 212(6); 212(7); 214(7); 214(8); 221(21); 221(28); 223(2)(h); 303(3); 303(4); 304 (4); 306(2); 308(15); 501(1)(b); 501(1)(f)(iv); 604(7); 605(5); 708; 717; 803, page 281, line 38, and page 282, lines 1-11; 803, page 283, lines 20-22; 803, page 283, lines 23-27; 803, page 285, lines 28-31; 902; 908; 920; 926; 937; and 939 of Engrossed Substitute Senate Bill 6444.

With the exception of Sections 109; 117, page 17, lines 10-11; 127(27); 127(28); 127(31); 127(36); 127(38); 127(39); 129, page 35, lines 19-20; 129(3); 129(6); 131(2); 201(7); 204(3)(f); 205(1)(m); 205(1)(n); 205(1)(o); 205(1)(p); 205(1)(r); 205(1)(s); 206(20); 206(21); 207(2); 207(11); 209(14); 209(35); 209(38); 209(39); 209(40); 209(41); 209(42); 209(47); 212(6); 212(7); 214(7); 214(8); 221(21); 221(28); 223(2)(h); 303(3); 303(4); 304 (4); 306(2); 308(15); 501(1)(b); 501(1)(f)(iv); 604(7); 605(5); 708; 717; 803, page 281, line 38, and page 282, lines 1-11; 803, page 283, lines 20-22; 803, page 283, lines 23-27; 803, page 285, lines 28-31; 902; 908; 920; 926; 937; and 939, Engrossed Substitute Senate Bill 6444 is approved.

Sincerely,
Christine O. Gregoire
Governor