

VETO MESSAGE ON HB 2470-S

April 2, 1992

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

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 111 (page 5, line 8), 117 (page 8, lines 20-23), 124 (page 10, line 26), 125, 127, 128, 129(3), 136(5), 141(6), 142(3), 154, 201 (page 26, lines 6 and 7), 203(3), 205(1)(g), 205(2)(c), 210(10), 210(11), 211(5), 211(6), 222 (page 58, lines 10 and 11), 222 (page 61, lines 15 through 18), 222(3), 222(32), 223, 227, 229 (page 72, lines 23 and 24), 303 (page 83, lines 14 and 15), 303 (page 83, line 18), 307 (page 91, lines 19 and 20), 307(9), 311 (page 96, lines 3 and 4), 610(3)(a), 704, 802 (page 194, lines 15-17), 802 (page 195, lines 17, 18, 19 and 20), 903, 906, 909 and 910, Engrossed Substitute House Bill No. 2470 entitled:

"AN ACT Relating to fiscal matters."

My reasons for vetoing these sections are as follows:

Section 111, page 5, line 8, Court of Appeals

This section reduces the appropriation for the Court of Appeals by \$371,000 from the level included in section 111, chapter 16, Laws of 1991, 1st special session, and includes language (also present in sections 109 (Supreme Court) and 113 (Administrator for the Courts)) that allows the Supreme Court, the Court of Appeals, and the Administrator for the Courts, by mutual agreement to utilize their state General Fund appropriations "to make efficient and effective use of available financial resources within the entire judicial branch." I am convinced that the total state General Fund appropriations to these agencies is insufficient to allow the performance of the essential functions of these agencies. I have vetoed only the appropriation in this section, restoring \$371,000 in appropriations to be used, pursuant to the retained proviso language, to meet the financial requirements of the three judicial agencies.

Section 117, page 8, lines 20-23, Gratuity Tracking System
(Public Disclosure Commission)

The proviso in this section requires the agency to expend \$25,000 to implement a gratuity tracking system. I accept the legislature's decision to reduce the appropriation to the agency by \$122,000. Because this reduction is \$25,000 greater than my recommendation, I have vetoed this proviso and directed the agency to determine how much, if any, of its appropriation can be made available for this system.

Shellfish Litigation

Section 124, page 10, line 26 (Attorney General)

Section 125, page 12, (Attorney General)

Section 311, page 96, lines 3 and 4 (Department of Fisheries)

The General Fund-State appropriation for the Attorney General includes \$915,000 for legal costs related to tribal shellfish litigation. I have returned the Attorney General's General Fund-

State appropriation to the \$6.3 million originally provided by section 124, chapter 16, Laws of 1991, 1st special session.

Section 125 provides \$915,000 in the Attorney General's budget for shellfish litigation expenses. While resolution of the issue of tribal shellfish rights is important, it is unlikely that the full \$915,000 will be required for litigation expenses this biennium. Placing this appropriation directly in the Attorney General's budget greatly reduces the ability of the other members of the state shellfish caucus to participate and influence the litigation decisions of the Attorney General. Members of the State Shellfish Caucus include the Department of Fisheries, Department of Health, State Parks and Recreation Commission, Department of Natural Resources, as well as the Attorney General. It is for these reasons that I have vetoed section 125.

In order to restore litigation funding to the Department of Fisheries, I have also vetoed the Department's General Fund-State appropriation. This will provide \$4,771,000 in additional appropriation authority to the agency. I have directed the Department to place \$3,856,000 in reserve and use \$450,000 to cover the costs of shellfish litigation for this biennium. The remaining \$465,000 will be used by the Department to cover additional litigation costs and the cost of the mediation process begun by the U.S. Fish and Wildlife Service.

Section 127, pages 12 and 13, Office of Financial Management

This section reduces the Office of Financial Management's total appropriation by \$4,090,000 and requires the Office of Financial Management to absorb the \$300,000 cost of the Commission on Student Learning. These changes impose an unmanageable 13.9 percent reduction in the state's central financial management agency, substantially weakening its ability to support the development and monitor the implementation of budgets and substantive policy in a period when constant vigilance regarding revenues and expenditures will be needed. My veto of this section restores \$4,090,000 in appropriation authority. I have directed that \$1,218,000 of that restored appropriation be placed in reserve, thus imposing the same state General Fund percentage reduction on the Office of Financial Management (7.4 percent before providing for the Commission on Student Learning) that the supplemental budget imposed on the legislature. My veto also eliminates the increased Savings Recovery Account appropriation to the Office of Financial Management, consistent with my veto of the increase in revenue to the account provided in section 906.

Section 128, page 13, Revolving Fund (Office of Administrative Hearings)

This section reduces funding for the Office of Administrative Hearings by \$293,000. Much of the hearings workload handled by the agency is nondiscretionary and supported by nonstate General Fund sources. A reduction in funding will not reduce the demand for hearings services nor limit the number of hearings agencies need. It would only create more need for interagency agreements as a way to fund hearing services in excess of the appropriation. This veto allows the agency to bill for hearings services up to the level of

its original appropriation without the need to use resources to create interagency agreements.

Section 129(3), page 14, Data Processing Revolving Fund (Department of Personnel)

This subsection reduces expenditure allotment authority from Fund 419, the Data Processing Revolving Fund, by the Department of Personnel. This reduction in expenditure authority would significantly decrease the Department's ability to develop ad hoc management reports, meet agency requests for software enhancements, and modify the payroll system to meet new requirements. In addition, this language represents an unprecedented intrusion on the Governor's authority to control expenditures from nonappropriated funds through the allotment process as established in RCW 43.88.110.

Section 136(5), page 17, Study of Nonprofit Homes (Department of Revenue)

This subsection provisos \$57,400 solely for the implementation of Substitute House Bill No. 2639 (Study of Non-Profit Homes for the Aged) from the Department's existing General Fund-State. While this study would yield information concerning the equity of tax laws as applied to homes for the aged, there were no additional funds provided to conduct the study. I have vetoed the proviso in order to give the Department flexibility. I have directed the Department to undertake a study which satisfies the essential requirements of Substitute House Bill No. 2639, within existing resources, without compromising other necessary revenue collection functions.

Section 141(6), page 20, Facility Support for Tenants of the Labor and Industries and the Natural Resources Buildings (Department of General Administration)

Subsection 6 provides \$849,000 of the General Administration Facilities and Services Revolving Fund appropriation for maintenance services to the Department of Labor and Industries and the Department of Natural Resources, subject to negotiations to determine the levels and prices of services. The levels and prices of facility and support services are negotiated between the Department of General Administration and the Office of Financial Management in order to provide a reasonable and equitable level of service among all state agencies. Allowing agencies to negotiate their own service levels and rates would create administrative confusion and subject agencies with less flexibility in funding to substandard service. I have vetoed this proviso and have directed the Department of General Administration to ensure that \$849,000 of the Facilities and Services Revolving Fund appropriation is employed solely in support of all of the tenants of the Department of Labor and Industries and the Department of Natural Resources buildings.

Section 142(3), page 21, Reduced Expenditures in the Data Processing Revolving Fund (Department of Information Services)

This subsection reduces by 2.5 percent the agencies'

expenditures on information technology provided by the Department of Information Services, reduces the Department of Information Services' administrative and operations personnel by 21 FTEs, and directs the \$950,000 saved from the reduced staffing level to be placed in the Savings Recovery Account. I have vetoed this subsection because no savings will result from reducing the Department of Information Services staff. Agency demand for computer services creates the need for the positions, and it is the agency use of the positions which generates the billing for the services rendered. I have also vetoed section 906, which adds "savings" from these staff reductions as a revenue source to the Savings Recovery Account. I have asked the Office of Financial Management to work with agencies and the Department of Information Services to attempt to reduce agency computer service expenditures by 2.5 percent.

Section 154, page 25, Repealer Clause for Sections 101 through 152 of Chapter 16, Laws of 1991 Special Session

Engrossed Substitute House Bill No. 2470 amends appropriations originally made for the 1991-93 Biennium in 1991 special session, chapter 16, the biennial operating budget. The longstanding tradition of the legislature has been to draft supplemental appropriation measures, such as this one, in amendatory form. Thus, the legislature historically has set forth the original appropriations and amendments to them. This historical practice not only reflects the true nature of such measures, it also clearly identifies and makes visible to each member of the legislature intended changes in original biennial appropriation levels. In Part I of Engrossed Substitute House Bill No. 2470, the legislature has abandoned this longstanding practice by repealing numerous original biennial appropriations and replacing them with new appropriations.

As the Governor of this state and a former legislator, I strongly oppose the drafting method employed by the legislature in Part I. It does not provide a clear representation of proposed amendments to biennial appropriation levels and thus, does a disservice to citizens of the state and to the legislative process in which this office participates.

Moreover, the veto authority granted to the Governor by the Constitution of this state is intended to allow the Governor to object to changes in laws, including appropriation measures. By use of this untoward drafting mechanism, the legislature has attempted to thwart the very purpose of the constitutional veto authority of the Governor. Absent veto of section 154, which purports to repeal numerous sections in the 1991-93 biennial operating budget, I would have little choice but to accept the appropriations set forth in Part I of this enactment. The alternative, vetoing any or all of the appropriations in Part I of this enactment, would leave affected offices and agencies wholly without appropriations.

For these reasons, I have vetoed section 154, thereby preventing the repeal of the original appropriations in the biennial operating budget, 1991 special session, chapter 16, identified specifically in section 154 of this enactment.

For reasons fully explained elsewhere in this message, I also have vetoed certain appropriations made in Part I of this enactment. Where I have done so, the appropriation for the affected agency or office will be the original biennial appropriation for that agency or office, appearing in 1991 special session laws, chapter 16. Where I have not vetoed an appropriation contained in Part I of this enactment, the appropriation in Part I will constitute the biennial appropriation for the affected agency or office.

Section 201, page 26, lines 6 and 7, Lease Increases (Children and Family Services, Department of Social and Health Services)

This subsection provides the General Fund-State funding for Children and Family Services within the Department of Social and Health Services. The section eliminates \$2.1 million General Fund-State monies necessary to fund existing leases of local and regional Children and Family Services offices. These lease payments are unavoidable and, if left unfunded, must be paid with existing funds. A reduction of Child Protective Services/Child Welfare Services caseworkers and/or cuts in contracted services would be necessary to pay the unfunded leases. Therefore, I have directed the Department to allot \$2.1 million to fund these mandatory leases. Of the \$11,087,000 General Fund-State in additional appropriation authority, I have directed the Department to place \$8,987,000 in reserve.

Section 203(3), page 33, Civil Commitment Center (Mental Health, Department of Social and Health Services)

This subsection provides funds for the Civil Commitment Center operated within the Special Offenders Unit at the Monroe Reformatory. I believe the funds appropriated are insufficient to meet the Center's programmatic needs and may compromise the facility's ability to provide legally mandated treatment. The veto of this subsection will provide \$569,000 in additional appropriation authority. I have directed the Department of Social and Health Services to place \$273,000 in reserve and use the remaining \$296,000 to adequately fund the Civil Commitment Center.

Section 205(1)(g), pages 37 and 38, Medicaid Tax Expenditures (Developmental Disabilities, Department of Social and Health Services)

This subsection provides appropriations to fund prospective rate increases for intermediate care facilities for the mentally retarded to cover the Medicaid share of the tax levied in Engrossed Substitute House Bill No. 2967. I have vetoed this proviso to avoid potential legal entanglements with the Health Care Financing Administration. This action will not jeopardize the provisions of Engrossed Substitute House Bill No. 2967.

Section 205(2)(c), page 38, Medicaid Tax Expenditures (Developmental Disabilities, Department of Social and Health Services)

This subsection provides appropriations to fund prospective rate increases for intermediate care facilities for the mentally

retarded to cover the Medicaid share of the tax levied in Engrossed Substitute House Bill No. 2967. I have vetoed this proviso to avoid potential legal entanglements with the Health Care Financing Administration. This action will not jeopardize the provisions of Engrossed Substitute House Bill No. 2967.

Section 210(10), pages 43 and 44, Personal Care Program (Long Term Care, Department of Social and Health Services)

This subsection directs the Department of Social and Health Services to transfer eligible clients from the chore services program to the personal care program. The clients who are currently served within chore services receive care from family members, which is not permissible under the federally-matched personal care program. Although the subsection provides for geographic exceptions, it fails to recognize the importance of family care for those with developmental disabilities, cultural needs, and situations in which spouses provide care. Although this veto does not restore funding cuts, the Department should not be required to transfer all of these chore services clients without regard for individual circumstances.

Section 210(11), page 44, Nursing Home Study (Long Term Care, Department of Social and Health Services)

This subsection directs the Department of Social and Health Services to analyze and identify any exceptional fiscal needs of nursing facilities whose Medicaid-paying clients number greater than 90 percent, and subsequently report the findings to the legislature. This directive creates an unnecessary and burdensome workload, especially in light of the additional staffing cuts imposed by this budget.

Section 211(5), page 45, State Supplementary Income Payments (Income Assistance, Department of Social and Health Services)

This subsection reduces the state supplement of federal Supplemental Security Income payments to 71,000 blind, disabled, and aged people. I believe the legislature did not intend to reduce the supplemental benefits provided to these most vulnerable citizens. Therefore, I have directed the Department of Social and Health Services to allocate these funds according to the policy currently in existence.

Section 211(6), page 46, Public Assistance Job Training (Income Assistance, Department of Social and Health Services)

This subsection directs the Department of Social and Health Services to implement a pilot community work experience program for clients in the General Assistance-Unemployable program. I support a community work experience program that incorporates vocational rehabilitation, job preparedness services, and medical treatment. The legislature did not, however, fund the \$1.5 million to implement the pilot program as the budget document implies. Consequently, I have vetoed this subsection and have directed the Department to implement a pilot community work experience program to the extent possible within available funds.

Section 222, page 58, lines 10 and 11, and, page 61, lines 15

through 18, General Fund-State Appropriation (Department of Community Development)

I have vetoed section 222, lines 10 and 11, the General Fund-State appropriation for the Department of Community Development, in order to aid the implementation of the Growth Management Act. Funding for the Growth Management Hearings Boards was reduced to such a degree that the Boards would not be implemented until February, 1993. The success of the Growth Management provisions enacted in 1990 and 1991 depends on these new Hearings Boards playing an effective role. The ability of these Boards to resolve disputes fairly and in a timely fashion will be critical to the success of growth management. The \$1,036,000 freed up by this veto plus the \$750,000 already included in the budget, will allow implementation of the Boards beginning May 15. The veto of section 222, lines 15 through 18, expands the spending limits for the Boards to the original level and allows the Department to spend the amount necessary to implement the Boards in May.

The reduction in funds provided to assist local government planning activities is unjustified and short-sighted. When the legislature passed growth management legislation in 1990 and again in 1991, it was clear that we were giving local governments a difficult job with a tough time line and that adequate funding was essential. I am directing the Department to use the amount that remains in the base budget, \$1.5 million, for grants to local governments.

Section 222(3), page 59, Mortgage Assistance (Department of Community Development)

I have vetoed the new language which restricts the Department to spending no more than 5 percent on administration. The effect of the 5 percent restriction is to further reduce the Department's budget. The proviso language fails to recognize the cost of delivering service.

Section 222(32), page 67, Wetlands Notification and Mapping (Department of Community Development)

The veto of this section is technical in nature. The appropriation is contingent on passage of Substitute Senate Bill No. 6255, Wetlands Notification. Since Senate Bill No. 6255 did not pass, this appropriation will lapse. I have vetoed this proviso to avoid confusion.

Section 223, page 67, Human Rights Commission

This section provides \$4,021,000 General Fund-State for the Human Rights Commission, \$271,000 less than the General Fund-State appropriation provided in section 221, chapter 16, Laws of 1991, 1st special session. This will result in a 33 percent reduction in travel for this agency. The ability for the Commissioners to meet in different locations to address discrimination issues and for staff to investigate complaints is too severely hampered by a cut of this magnitude. I have vetoed this section to allow the agency to restore \$26,000 for travel (a 20 percent reduction). I have requested that the balance of the restored appropriation, \$245,000,

be placed in reserve.

Section 227, page 71, Indeterminate Sentence Review Board

Reductions to personal service contracts and travel will impair the Indeterminate Sentence Review Boards ability to provide statutorily mandated service levels. The only manner for the Board to accomplish these reductions would be to eliminate one Board member. While recent actions by the Board will likely reduce the Board's size in the ensuing biennium, it is not prudent, nor cost effective, at this time.

The Board has initiated two different proposals to reduce the number of parolees returning to prison. The Board has a greater than anticipated workload in order to successfully implement these proposals. Delays in this implementation could result in additional prison populations and higher operational costs to the Department of Corrections which will far exceed the amount saved in the Board's appropriation.

Of the \$229,000 restored, I have directed the Board to place \$168,000 in reserve. The additional \$61,000 restores the Board to the level recommended in my original supplemental budget request.
Section 229, page 72, lines 23 and 24, Women, Infants, and Children Program (Department of Health)

The supplemental General Fund-State appropriation for the Department of Health includes a reduction of \$2,552,000 for the Women, Infants, and Children program. This program provides food and nutritional counseling to needy families throughout the state. The \$2,552,000, combined with newly available federal funds, will result in an additional 12,300 persons per month being served. Beyond serving more clients, restoration of this cut will enable us to take immediate advantage of anticipated additional increases in federal funding and will further my goal to improve the health of Washington's children. Children lose without adequate state support for the Women, Infants, and Children program support.

In order to restore these funds, I have vetoed the supplemental appropriation. Of the \$10,803,000 in additional appropriation authority, I have directed the Department of Health to place \$8,251,000 in reserve and use the remaining \$2,552,000 for the Women, Infants, and Children program.

Section 303, page 83, lines 14 and 15, General Fund-State Appropriation (Department of Ecology)

I have vetoed this subsection in order to restore funding to the Department of Ecology's Water Resources Program. The Water Resources Program has continued to make progress in addressing the backlog of water rights applications and in the formulation of a statewide policy for water resources administration through the Chelan Agreement. The reductions to the Department's budget would have reduced enforcement activity and crippled the Water Resources Program's ability to continue addressing the water rights application backlog. In addition, it would seriously curtail efforts in the development of a statewide water resources policy.

The veto of this subsection will increase the Department of Ecology's appropriation authority by \$7,515,000. This will enable

the Department to restore \$785,000 to the Water Resources Program. I have directed the Department of Ecology to place the remaining \$6,730,000 in reserve.

Section 303, page 83, line 18, Flood Control Assistance Account (Department of Ecology)

Section 802, page 195 lines 17 and 18, General Fund transfer to Flood Control Assistance Account (Treasurer's Transfer)

Section 910, pages 205 and 206, Flood Control Assistance Account (Department of Ecology)

These sections transfer funds for the Flood Control Assistance Program from the Flood Control Assistance Account to the General Fund. Funding for this program is transferred from the operating budget to the capital budget, with an appropriation from the State Building Construction Account. While I am supportive of providing grant dollars to local communities for flood mitigation plans and projects, \$2.65 million is clearly for operating activities and should be funded from the operating budget. The proviso in section 12(9), page 70, of the capital budget precludes spending any of the appropriated funds from the State Building Construction Account on operating activities. Without funds for operating costs, the Department would not be able to provide planning grants or technical assistance to local communities, nor would the Department be able to administer the grants for flood mitigation projects which are eligible under the proviso. Without the ability to administer the grants, there would be no state oversight of the expenditure of these grant dollars.

The Department would be faced with one of two options: either redirect General Fund dollars from other programs or eliminate the Flood Control Assistance Program. Given the severity of the reductions to the Department of Ecology's budget, this program would be eliminated. Therefore, I have vetoed these sections in order to restore \$4 million to the Flood Control Assistance Account and continue this important program.

Section 307, page 91, lines 19 and 20, General Fund-State Appropriation (Department of Trade and Economic Development)

I have vetoed the General Fund-State appropriation for the Department in order to address serious shortfalls created by this budget. Of the additional \$3,671,000 in appropriation authority created by this veto, I have directed the Department of Trade and Economic Development to spend \$810,000 on timber programs, \$200,000 on tourism, and to place the remaining \$2,661,000 in reserve. The restoration of \$610,000 in the value-added program will allow continuation of the concentrated effort to increase value-added manufacturing capacity that is necessary as small wood products manufacturers are threatened with closure.

I have also directed expenditure of \$200,000 for restoration of full funding for the Timber Team Office. The Timber Team serves an important function as the central coordination point for diverse state programs which assist timber dependent communities. In addition, the Timber Team coordinates this administration's position and represents the state's interest in federal timber supply and endangered species issues. Almost 40 percent of the

Timber Team budget represents pass-through funding required to replace a small portion of federal cutbacks in dislocated worker programs. It is unacceptable to eliminate the Timber Team six months before the close of the biennium. Strategically, this would put the state in a poor position to respond to federal actions that critically affect the state and would hamper coordination efforts vital to good service delivery.

Finally, I have directed the expenditure of \$200,000 to partially offset reductions to the Department's tourism program. At a time when many of our communities are struggling to strengthen and diversify their economies, adequate support for tourism development is a practical requirement. The Department will use these additional resources to bolster cooperative marketing and regional tourism assessments which are the cornerstones of its strategic plan for tourism development.

Section 307(9), pages 93 and 94, Business Network Grants
(Department of Trade and Economic Development)

While I believe that business network grants that build capacity are an excellent way to provide the advantages of larger scale timber firms to many small manufacturing concerns, I have vetoed the language that requires the Department of Trade and Economic Development to spend \$500,000 to that end. The language does not give the Department the flexibility necessary to determine the viability of networks for value-added manufacturing given Washington's forest products manufacturing industry makeup. However, I have asked the Department of Trade and Economic Development to intensify efforts to pursue business network grants as an important element for promoting value-added manufacturing. I have directed the Department to spend the majority of available grant funds on business networks, if feasible.

Section 311, page 96, lines 3 and 4, Shellfish Litigation
(Department of Fisheries)

As discussed previously, I have vetoed the General Fund-State appropriation revision in the Department of Fisheries in order to restore shellfish litigation funds. This veto has the effect of adding \$4,771,000 in appropriation authority. I have directed the Department to place \$3,856,000 of this amount in reserve, and use \$450,000 to cover the costs of shellfish litigation. The remaining \$465,000 will be used to cover additional litigation costs and the cost of the mediation process begun by the U.S. Fish and Wildlife Service.

Section 610(3)(a), page 171, Financial Aid and Grant Program
(Higher Education Coordinating Board)

This subsection caps the state need grant award to students of private schools. The cap is equal to the amount of an award receivable by a student of a state research university. However, the cap applies only to the grants from the increment of \$1,430,000 available for need grant awards due to the 1993 tuition increase.

I have vetoed this subsection because it creates an inequity of financial aid benefits between private school students receiving need grants from the state need grant base budget and students

receiving need grant from the 1993 need grant increment due to the tuition increase. In addition, a cap on such a small portion of the state need grant unnecessarily complicates the administration of the state financial aid program. This veto frees up \$127,000 of appropriation, which will be placed in reserve.
Section 704, pages 178-179, Governor's Emergency Fund

This section reduces the appropriation for emergency uses to \$862,000 for the biennium. The \$1.5 million appropriation provided in the original budget was \$500,000 below the \$2 million initially appropriated for emergency purposes in each of several previous biennial budgets. This reduction, combined with allocations already made, would leave an Emergency Fund balance of \$140,400, with 15 months remaining in the biennium. The inability to respond to emergency situations (like fires, floods, windstorm damage, major equipment failure, etc.) imposed by this reduction is unacceptable. This veto restores \$638,000 in appropriation authority to the Emergency Fund. This veto also restores the 2.5 percent allotment reduction to preserve an Emergency Fund balance at \$778,400. This is still a small balance with so much of the biennium still before us.

Section 802, page 194, lines 15, 16 and 17 (Treasurer's Transfers)

Section 802, page 195, lines 19 and 20 (Treasurer's Transfers)

Section 909, page 204 and 205, Water Quality Account (Department of Ecology)

These sections reduce the transfer of General Fund dollars to the Water Quality Account by \$12,753,000. Washington state is facing increasing threats to one of its most vital resources, the state's waters. If we are to continue to make progress toward protecting Washington's surface and ground waters, it is essential that a consistent and reliable funding level be available. The Water Quality Account is a primary source of funding for local governments in addressing water quality issues. Solutions to tough pollution problems require planning, prevention, and intervention strategies, which may take years to implement. In order to dedicate sizable portions of their own resources to these strategies, local governments need to know that state funding will continue at levels that will enable them to achieve mandated state and federal water pollution requirements. Therefore, I have vetoed these sections in order to restore the statutory funding level to the Water Quality Account.

Section 903, page 196, Minimization of the Essential Requirements Level for the 1993-95 Biennium

Section 903 requires agencies (with the exception of the Department of Corrections) to make 1991-93 FTE reductions permanent, rather than assuming the positions will be funded in 1993-95. The purpose of this section is to minimize the growth of the state's budget base for the 1993-95 Biennium. While it is likely that I will consider this requirement when my 1993-95 budget is developed, I want to preserve the Governor's flexibility for the construction of its budget.

Furthermore, from a practical standpoint, it appears that this section was constructed in isolation without knowledge of the program implications of denying agencies the ability to use temporary or deferred hiring to achieve their FTE budget reductions. There may be some programs in state government that cannot provide an appropriate level of service if held to this requirement.
Section 906, pages 197 and 198, Savings Recovery Account

This amendatory section increases the amounts to be withheld from agency appropriations deposited in the Savings Recovery Account by \$5,088,000 and it includes "savings" from the Department of Information Services' rate reductions resulting from staff reductions as a source of Savings Recovery Account revenue. I have vetoed this section for two reasons. First, all but \$950,000 of the \$5,088,000 in increased revenue to the account would be drawn from savings of Efficiency Commission, Brainstorm, and Teamwork Incentive Program projects presently retained by agencies as a partial incentive to participate in such projects. The incentives and benefits to the participating agencies for the extra effort involved in the projects are stripped away by this action with the probable consequence that these worthwhile efforts will disappear. Second, staff reductions in the Department of Information Services do not create rate reductions. These proprietary positions are used to provide customers needed computing related services for which the customers are then billed. Vacated positions provide no service which can be billed, thus there can be no savings.

For these reasons, I have vetoed sections 111 (page 5, line 8), 117 (page 8, lines 20-23), 124 (page 10, line 26), 125, 127, 128, 129(3), 136(5), 141(6), 142(3), 154, 201 (page 26, lines 6 and 7), 203(3), 205(1)(g), 205(2)(c), 210(10), 210(11), 211(5), 211(6), 222 (page 58, lines 10 and 11), 222 (page 61, lines 15 through 18), 222(3), 222(32), 223, 227, 229 (page 72, lines 23 and 24), 303 (page 83, lines 14 and 15), 303 (page 83, line 18), 307 (page 91, lines 19 and 20), 307(9), 311 (page 96, lines 3 and 4), 610(3)(a), 704, 802 (page 194, lines 15-17), 802 (page 195, lines 17, 18, 19 and 20), 903, 906, 909 and 910, of Engrossed Substitute House Bill No. 2470.

With the exception of sections 111 (page 5, line 8), 117 (page 8, lines 20-23), 124 (page 10, line 26), 125, 127, 128, 129(3), 136(5), 141(6), 142(3), 154, 201 (page 26, lines 6 and 7), 203(3), 205(1)(g), 205(2)(c), 210(10), 210(11), 211(5), 211(6), 222 (page 58, lines 10 and 11), 222 (page 61, lines 15 through 18), 222(3), 222(32), 223, 227, 229 (page 72, lines 23 and 24), 303 (page 83, lines 14 and 15), 303 (page 83, line 18), 307 (page 91, lines 19 and 20), 307(9), 311 (page 96, lines 3 and 4), 610(3)(a), 704, 802 (page 194, lines 15-17), 802 (page 195, lines 17, 18, 19 and 20), 903, 906, 909 and 910, Engrossed Substitute House Bill No. 2470 is approved.

Respectfully submitted,
Booth Gardner
Governor