

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE SENATE BILL 5404

Chapter 25, Laws of 2003

(partial veto)

58th Legislature
2003 1st Special Session

OPERATING BUDGET

EFFECTIVE DATE: 6/26/03

Passed by the Senate June 4, 2003
YEAS 28 NAYS 19

BRAD OWEN

President of the Senate

Passed by the House June 5, 2003
YEAS 67 NAYS 30

FRANK CHOPP

Speaker of the House of Representatives

Approved June 26, 2003, with the exception of sections 141; 148(2); 203(7); 203(10); 203(12); 204(1)(e); 204(1)(h); 205(1)(h); 209(12); 217(1); 308(14); 501(2)(a)(iv); 717; and 724, which are vetoed.

GARY F. LOCKE

Governor of the State of Washington

CERTIFICATE

I, Milton H. Doumit, Jr., Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5404** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MILTON H. DOUMIT JR.

Secretary

FILED

June 26, 2003 - 9:43 a.m.

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5404

AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 2003 1st Special Session

State of Washington 58th Legislature 2003 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senator Rossi; by request of Governor Locke)

READ FIRST TIME 04/04/03.

1 AN ACT Relating to fiscal matters; amending RCW 19.28.351,
2 28A.305.210, 28A.500.030, 38.52.106, 43.03.050, 43.08.190, 43.10.180,
3 43.43.944, 43.320.110, 46.09.170, 48.02.190, 49.26.130, 50.16.010,
4 51.44.170, 66.08.190, 66.16.010, 67.40.040, 69.50.520, 70.79.350,
5 70.94.483, 70.105D.070, 70.146.030, 70.146.080, 72.11.040, 76.12.050,
6 76.12.170, 79.08.180, 80.01.080, 82.14.200, 82.14.210, and 86.26.007;
7 reenacting and amending RCW 41.50.110, 43.08.250, and 43.135.045;
8 amending 2003 c 10 s 708 (uncodified); adding a new section to 2003 c
9 360 (uncodified); creating new sections; repealing 2003 c 360 s 408
10 (uncodified); making appropriations; and declaring an emergency.

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

12 NEW SECTION. **Sec. 1.** (1) A budget is hereby adopted and, subject
13 to the provisions set forth in the following sections, the several
14 amounts specified in parts I through VIII of this act, or so much
15 thereof as shall be sufficient to accomplish the purposes designated,
16 are hereby appropriated and authorized to be incurred for salaries,
17 wages, and other expenses of the agencies and offices of the state and
18 for other specified purposes for the fiscal biennium beginning July 1,

1 2003, and ending June 30, 2005, except as otherwise provided, out of
2 the several funds of the state hereinafter named.

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

5 (a) "Fiscal year 2004" or "FY 2004" means the fiscal year ending
6 June 30, 2004.

7 (b) "Fiscal year 2005" or "FY 2005" means the fiscal year ending
8 June 30, 2005.

9 (c) "FTE" means full time equivalent.

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

12 (e) "Provided solely" means the specified amount may be spent only
13 for the specified purpose. Unless otherwise specifically authorized in
14 this act, any portion of an amount provided solely for a specified
15 purpose which is unnecessary to fulfill the specified purpose shall
16 lapse.

17 **PART I**
18 **GENERAL GOVERNMENT**

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

20	General Fund--State Appropriation (FY 2004)	\$28,109,000
21	General Fund--State Appropriation (FY 2005)	\$28,233,000
22	Department of Retirement Systems Expense Account--	
23	State Appropriation	\$45,000
24	TOTAL APPROPRIATION	\$56,387,000

25 The appropriations in this section are subject to the following
26 conditions and limitations: \$25,000 of the general fund--state
27 appropriation is provided for allocation to Project Citizen, a program
28 of the national conference of state legislatures to promote student
29 civic involvement.

30 **NEW SECTION. Sec. 102. FOR THE SENATE**

31	General Fund--State Appropriation (FY 2004)	\$22,001,000
32	General Fund--State Appropriation (FY 2005)	\$23,173,000
33	Department of Retirement Systems Expense Account--	
34	State Appropriation	\$45,000
35	TOTAL APPROPRIATION	\$45,219,000

1 The appropriations in this section are subject to the following
2 conditions and limitations: \$25,000 of the general fund--state
3 appropriation is provided for allocation to Project Citizen, a program
4 of the national conference of state legislatures to promote student
5 civic involvement.

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

8	General Fund--State Appropriation (FY 2004)	\$1,627,000
9	General Fund--State Appropriation (FY 2005)	\$1,717,000
10	TOTAL APPROPRIATION	\$3,344,000

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

13	General Fund--State Appropriation (FY 2004)	\$1,656,000
14	General Fund--State Appropriation (FY 2005)	\$1,799,000
15	TOTAL APPROPRIATION	\$3,455,000

16 The appropriations in this section are subject to the following
17 conditions and limitations: \$25,000 of the general fund--state
18 appropriation for fiscal year 2004 and \$25,000 of the general fund--
19 state appropriation for fiscal year 2005 are provided solely for the
20 legislative evaluation and accountability program committee, in
21 consultation with the economic and revenue forecast council, to
22 establish and maintain a set of economic indicators that could be used
23 for adjusting the statewide salary schedule by a regional cost-of-
24 living index. The economic indicators to be included in this index
25 include but are not limited to the median cost of housing.

26 (1) In developing the regional cost-of-living index, the
27 legislative evaluation and accountability program committee shall
28 collect data on the economic activity comprising the cost-of-living
29 indexes for geographic areas of the state coterminous with the
30 boundaries of the nine educational service districts established under
31 RCW 28A.310.010.

32 (2) Not later than July 1, 2004, the legislative evaluation and
33 accountability program committee shall submit the regional cost-of-
34 living index to an advisory committee for its review. The advisory
35 committee shall be appointed by the governor and shall consist of one
36 member representing the office of financial management, one member

1 representing the employment security department, one member
2 representing the office of the superintendent of public instruction,
3 and three representatives of the private sector having demonstrated
4 expertise in regional economics. The advisory committee shall not
5 receive compensation for performance of its duties but may be
6 reimbursed for travel expenses in accordance with RCW 43.03.050 and
7 43.03.060.

8 (3) Not later than October 1, 2004, the advisory committee created
9 under this section shall submit to the director of the legislative
10 evaluation and accountability program committee written comment on the
11 proposed regional cost-of-living index. The written comment may
12 include recommendations for revision to the index or its components.

13 NEW SECTION. **Sec. 105. FOR THE OFFICE OF THE STATE ACTUARY**

14 Department of Retirement Systems Expense Account--
15 State Appropriation \$2,616,000

16 The appropriation in this section is subject to the following
17 conditions and limitations: \$178,000 of the department of retirement
18 systems expense account--state appropriation is provided solely for the
19 costs associated with leasing and moving into new office space.

20 NEW SECTION. **Sec. 106. FOR THE JOINT LEGISLATIVE SYSTEMS**
21 **COMMITTEE**

22 General Fund--State Appropriation (FY 2004) \$6,754,000
23 General Fund--State Appropriation (FY 2005) \$6,753,000
24 TOTAL APPROPRIATION \$13,507,000

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

26 General Fund--State Appropriation (FY 2004) \$3,851,000
27 General Fund--State Appropriation (FY 2005) \$3,955,000
28 TOTAL APPROPRIATION \$7,806,000

29 NEW SECTION. **Sec. 108. LEGISLATIVE AGENCIES.** In order to achieve
30 operating efficiencies within the financial resources available to the
31 legislative branch, the executive rules committee of the house of
32 representatives and the facilities and operations committee of the
33 senate by joint action may transfer funds among the house of
34 representatives, senate, joint legislative audit and review committee,

1 legislative evaluation and accountability program committee,
2 legislative transportation committee, office of the state actuary,
3 joint legislative systems committee, and statute law committee.

4 NEW SECTION. **Sec. 109. FOR THE SUPREME COURT**

5 General Fund--State Appropriation (FY 2004) \$5,462,000
6 General Fund--State Appropriation (FY 2005) \$5,665,000
7 TOTAL APPROPRIATION \$11,127,000

8 NEW SECTION. **Sec. 110. FOR THE LAW LIBRARY**

9 General Fund--State Appropriation (FY 2004) \$2,045,000
10 General Fund--State Appropriation (FY 2005) \$2,050,000
11 TOTAL APPROPRIATION \$4,095,000

12 NEW SECTION. **Sec. 111. FOR THE COURT OF APPEALS**

13 General Fund--State Appropriation (FY 2004) \$12,510,000
14 General Fund--State Appropriation (FY 2005) \$12,747,000
15 TOTAL APPROPRIATION \$25,257,000

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

17 General Fund--State Appropriation (FY 2004) \$913,000
18 General Fund--State Appropriation (FY 2005) \$915,000
19 TOTAL APPROPRIATION \$1,828,000

20 NEW SECTION. **Sec. 113. FOR THE ADMINISTRATOR FOR THE COURTS**

21 General Fund--State Appropriation (FY 2004) \$17,295,000
22 General Fund--State Appropriation (FY 2005) \$17,340,000
23 Public Safety and Education Account--State
24 Appropriation \$43,389,000
25 Judicial Information Systems Account--State
26 Appropriation \$27,903,000
27 TOTAL APPROPRIATION \$105,927,000

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

30 (1) The judicial information systems account appropriation shall be
31 used for the operations and maintenance of technology systems that
32 improve services provided by the supreme court, the court of appeals,
33 the office of public defense, and the administrator for the courts.

1 (2) \$750,000 of the general fund--state appropriation for fiscal
2 year 2004 and \$750,000 of the general fund--state appropriation for
3 fiscal year 2005 are provided solely for court-appointed special
4 advocates in dependency matters. The administrator for the courts,
5 after consulting with the association of juvenile court administrators
6 and the association of court-appointed special advocate/guardian ad
7 litem programs, shall distribute the funds to volunteer court-appointed
8 special advocate/guardian ad litem programs. The distribution of
9 funding shall be based on the number of children who need volunteer
10 court-appointed special advocate representation and shall be equally
11 accessible to all volunteer court-appointed special advocate/guardian
12 ad litem programs. The administrator for the courts shall not retain
13 more than six percent of total funding to cover administrative or any
14 other agency costs.

15 (3) \$12,572,000 of the judicial information systems account--state
16 appropriation is provided solely for improvements and enhancements to
17 the judicial information system. This funding shall only be expended
18 after the office of the administrator for the courts certifies to the
19 office of financial management that there will be at least a \$1,000,000
20 ending fund balance in the judicial information systems account at the
21 end of the 2003-05 biennium.

22 (4) \$3,000,000 of the public safety and education account--state
23 appropriation is provided solely for school district petitions to
24 juvenile court for truant students as provided in RCW 28A.225.030 and
25 28A.225.035. The office of the administrator for the courts shall
26 develop an interagency agreement with the office of the superintendent
27 of public instruction to allocate the funding provided in this
28 subsection. Allocation of this money to school districts shall be
29 based on the number of petitions filed.

30 (5) \$13,224,000 of the public safety and education account--state
31 appropriation is provided solely for distribution to county juvenile
32 court administrators to fund the costs of processing truancy, children
33 in need of services, and at-risk youth petitions. The office of the
34 administrator for the courts shall not retain any portion of these
35 funds to cover administrative costs. The office of the administrator
36 for the courts, in conjunction with the juvenile court administrators,
37 shall develop an equitable funding distribution formula. The formula

1 shall neither reward counties with higher than average per-petition
2 processing costs nor shall it penalize counties with lower than average
3 per-petition processing costs.

4 (6) The distributions made under subsection (6) of this section and
5 distributions from the county criminal justice assistance account made
6 pursuant to section 801 of this act constitute appropriate
7 reimbursement for costs for any new programs or increased level of
8 service for purposes of RCW 43.135.060.

9 (7) Each fiscal year during the 2003-05 fiscal biennium, each
10 county shall report the number of petitions processed and the total
11 actual costs of processing truancy, children in need of services, and
12 at-risk youth petitions. Counties shall submit the reports to the
13 department no later than 45 days after the end of the fiscal year. The
14 department shall electronically transmit this information to the chairs
15 and ranking minority members of the house of representatives
16 appropriations committee and the senate ways and means committee no
17 later than 60 days after a fiscal year ends. These reports are deemed
18 informational in nature and are not for the purpose of distributing
19 funds.

20 (8) \$813,000 of the general fund--state appropriation for fiscal
21 year 2004 and \$762,000 of the general fund--state appropriation for
22 fiscal year 2005 are provided solely for billing and related costs for
23 the office of the administrator for the courts pursuant to Engrossed
24 Substitute Senate Bill No. 5990 (supervision of offenders).

25 (9) \$1,800,000 of the public safety and education account
26 appropriation is provided solely for distribution to the county clerks
27 for the collection of legal financial obligations pursuant to Engrossed
28 Substitute Senate Bill No. 5990 (supervision of offenders). The
29 funding shall be distributed by the office of the administrator for the
30 courts to the county clerks in accordance with the funding formula
31 determined by the Washington association of county officials pursuant
32 to Engrossed Substitute Senate Bill No. 5990 (supervision of
33 offenders).

34 **NEW SECTION. Sec. 114. FOR THE OFFICE OF PUBLIC DEFENSE**

35	General Fund--State Appropriation (FY 2004)	\$666,000
36	General Fund--State Appropriation (FY 2005)	\$884,000
37	Public Safety and Education Account--State		

1	Appropriation	\$12,395,000
2	TOTAL APPROPRIATION	\$13,945,000

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

5 (1) \$51,000 of the public safety and education account
6 appropriation is provided solely for the office of public defense's
7 costs in implementing chapter 303, Laws of 1999 (court funding).

8 (2) Amounts provided from the public safety and education account
9 appropriation in this section include funding for investigative
10 services in death penalty personal restraint petitions.

11 NEW SECTION. **Sec. 115. FOR THE OFFICE OF THE GOVERNOR**

12	General Fund--State Appropriation (FY 2004)	\$3,773,000
13	General Fund--State Appropriation (FY 2005)	\$3,776,000
14	General Fund--Federal Appropriation	\$1,140,000
15	Water Quality Account--State	
16	Appropriation	\$3,854,000
17	TOTAL APPROPRIATION	\$12,543,000

18 The appropriations in this section are subject to the following
19 conditions and limitations: \$3,854,000 of the water quality account
20 appropriation and \$1,140,000 of the general fund--federal appropriation
21 are provided solely for the Puget Sound water quality action team to
22 implement the Puget Sound work plan and agency action items PSAT-01
23 through PSAT-05.

24 NEW SECTION. **Sec. 116. FOR THE LIEUTENANT GOVERNOR**

25	General Fund--State Appropriation (FY 2004)	\$549,000
26	General Fund--State Appropriation (FY 2005)	\$549,000
27	TOTAL APPROPRIATION	\$1,098,000

28 NEW SECTION. **Sec. 117. FOR THE PUBLIC DISCLOSURE COMMISSION**

29	General Fund--State Appropriation (FY 2004)	\$1,790,000
30	General Fund--State Appropriation (FY 2005)	\$1,771,000
31	TOTAL APPROPRIATION	\$3,561,000

32 NEW SECTION. **Sec. 118. FOR THE SECRETARY OF STATE**

33	General Fund--State Appropriation (FY 2004)	\$24,336,000
34	General Fund--State Appropriation (FY 2005)	\$17,092,000

1	General Fund--Federal Appropriation	\$6,967,000
2	Archives and Records Management Account--State	
3	Appropriation	\$8,150,000
4	Department of Personnel Service Account--State	
5	Appropriation	\$699,000
6	Election Account--Federal Appropriation	\$13,121,000
7	Local Government Archives Account--State Appropriation . .	\$7,067,000
8	TOTAL APPROPRIATION	\$77,432,000

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

11 (1) \$2,296,000 of the general fund--state appropriation for fiscal
12 year 2004 is provided solely to reimburse counties for the state's
13 share of primary and general election costs and the costs of conducting
14 mandatory recounts on state measures. Counties shall be reimbursed
15 only for those odd-year election costs that the secretary of state
16 validates as eligible for reimbursement.

17 (2) \$1,826,000 of the general fund--state appropriation for fiscal
18 year 2004 and \$2,686,000 of the general fund--state appropriation for
19 fiscal year 2005 are provided solely for the verification of initiative
20 and referendum petitions, maintenance of related voter registration
21 records, and the publication and distribution of the voters and
22 candidates pamphlet.

23 (3) \$125,000 of the general fund--state appropriation for fiscal
24 year 2004 and \$118,000 of the general fund--state appropriation for
25 fiscal year 2005 are provided solely for legal advertising of state
26 measures under RCW 29.27.072.

27 (4)(a) \$1,944,004 of the general fund--state appropriation for
28 fiscal year 2004 and \$1,986,772 of the general fund--state
29 appropriation for fiscal year 2005 are provided solely for contracting
30 with a nonprofit organization to produce gavel-to-gavel television
31 coverage of state government deliberations and other events of
32 statewide significance during the 2003-05 biennium. The funding level
33 for each year of the contract shall be based on the amount provided in
34 this subsection. The nonprofit organization shall be required to raise
35 contributions or commitments to make contributions, in cash or in kind,
36 in an amount equal to forty percent of the state contribution. The
37 office of the secretary of state may make full or partial payment once

1 all criteria in (a) and (b) of this subsection have been satisfactorily
2 documented.

3 (b) The legislature finds that the commitment of on-going funding
4 is necessary to ensure continuous, autonomous, and independent coverage
5 of public affairs. For that purpose, the secretary of state shall
6 enter into a four-year contract with the nonprofit organization to
7 provide public affairs coverage through June 30, 2006.

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

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

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

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

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

23 (5) \$6,038,000 of the general fund--state appropriation for fiscal
24 year 2004 is provided solely to reimburse the counties for the state's
25 share of the cost of conducting the presidential primary.

26 NEW SECTION. **Sec. 119. FOR THE GOVERNOR'S OFFICE OF INDIAN**
27 **AFFAIRS**

28	General Fund--State Appropriation (FY 2004)	\$228,000
29	General Fund--State Appropriation (FY 2005)	\$239,000
30	TOTAL APPROPRIATION	\$467,000

31 NEW SECTION. **Sec. 120. FOR THE COMMISSION ON ASIAN-AMERICAN**
32 **AFFAIRS**

33	General Fund--State Appropriation (FY 2004)	\$194,000
34	General Fund--State Appropriation (FY 2005)	\$194,000
35	TOTAL APPROPRIATION	\$388,000

NEW SECTION. Sec. 121. FOR THE STATE TREASURER

State Treasurer's Service Account--State
 Appropriation \$13,149,000

NEW SECTION. Sec. 122. FOR THE STATE AUDITOR

General Fund--State Appropriation (FY 2004) \$701,000
 General Fund--State Appropriation (FY 2005) \$702,000
 State Auditing Services Revolving Account--State
 Appropriation \$12,810,000
 TOTAL APPROPRIATION \$14,213,000

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

(1) Audits of school districts by the division of municipal corporations shall include findings regarding the accuracy of: (a) Student enrollment data; and (b) the experience and education of the district's certified instructional staff, as reported to the superintendent of public instruction for allocation of state funding.

(2) \$701,000 of the general fund--state appropriation for fiscal year 2004 and \$702,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for staff and related costs to verify the accuracy of reported school district data submitted for state funding purposes; conduct school district program audits of state funded public school programs; establish the specific amount of state funding adjustments whenever audit exceptions occur and the amount is not firmly established in the course of regular public school audits; and to assist the state special education safety net committee when requested.

NEW SECTION. Sec. 123. FOR THE CITIZENS' COMMISSION ON SALARIES FOR ELECTED OFFICIALS

General Fund--State Appropriation (FY 2004) \$83,000
 General Fund--State Appropriation (FY 2005) \$157,000
 TOTAL APPROPRIATION \$240,000

NEW SECTION. Sec. 124. FOR THE ATTORNEY GENERAL

General Fund--State Appropriation (FY 2004) \$4,057,000
 General Fund--State Appropriation (FY 2005) \$4,109,000
 General Fund--Federal Appropriation \$2,845,000

1	Public Safety and Education Account--State	
2	Appropriation	\$1,814,000
3	Tobacco Prevention and Control Account--State	
4	Appropriation	\$270,000
5	New Motor Vehicle Arbitration Account--State	
6	Appropriation	\$1,180,000
7	Legal Services Revolving Account--State	
8	Appropriation	\$165,275,000
9	TOTAL APPROPRIATION	\$179,550,000

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

12 (1) The attorney general shall report each fiscal year on actual
13 legal services expenditures and actual attorney staffing levels for
14 each agency receiving legal services. The report shall be submitted to
15 the office of financial management and the fiscal committees of the
16 senate and house of representatives no later than ninety days after the
17 end of each fiscal year.

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

23 NEW SECTION. **Sec. 125. FOR THE CASELOAD FORECAST COUNCIL**

24	General Fund--State Appropriation (FY 2004)	\$638,000
25	General Fund--State Appropriation (FY 2005)	\$639,000
26	TOTAL APPROPRIATION	\$1,277,000

27 NEW SECTION. **Sec. 126. FOR THE DEPARTMENT OF COMMUNITY, TRADE,**
28 **AND ECONOMIC DEVELOPMENT**

29	General Fund--State Appropriation (FY 2004)	\$61,459,000
30	General Fund--State Appropriation (FY 2005)	\$60,801,000
31	General Fund--Federal Appropriation	\$213,287,000
32	General Fund--Private/Local Appropriation	\$10,574,000
33	Public Safety and Education Account--State	
34	Appropriation	\$10,095,000
35	Public Works Assistance Account--State	
36	Appropriation	\$1,913,000

1	Building Code Council Account--State	
2	Appropriation	\$1,061,000
3	Administrative Contingency Account--State	
4	Appropriation	\$1,776,000
5	Low-Income Weatherization Assistance Account--State	
6	Appropriation	\$3,293,000
7	Violence Reduction and Drug Enforcement Account--	
8	State Appropriation	\$9,013,000
9	Manufactured Home Installation Training Account--	
10	State Appropriation	\$256,000
11	Community Economic Development Account--	
12	State Appropriation	\$1,909,000
13	Washington Housing Trust Account--State	
14	Appropriation	\$16,740,000
15	Public Facility Construction Loan Revolving	
16	Account--State Appropriation	\$622,000
17	Lead Paint Account--State Appropriation	\$6,000
18	TOTAL APPROPRIATION	\$392,805,000

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

21 (1) \$2,838,000 of the general fund--state appropriation for fiscal
22 year 2004 and \$2,838,000 of the general fund--state appropriation for
23 fiscal year 2005 are provided solely for a contract with the Washington
24 technology center. For work essential to the mission of the Washington
25 technology center and conducted in partnership with universities, the
26 center shall not pay any increased indirect rate nor increases in other
27 indirect charges above the absolute amount paid during the 1995-97
28 fiscal biennium.

29 (2) \$61,000 of the general fund--state appropriation for fiscal
30 year 2004 and \$62,000 of the general fund--state appropriation for
31 fiscal year 2005 are provided solely for the implementation of the
32 Puget Sound work plan and agency action item OCD-01.

33 (3) \$10,180,797 of the general fund--federal appropriation is
34 provided solely for the drug control and system improvement formula
35 grant program, to be distributed in state fiscal year 2004 as follows:

36 (a) \$3,551,972 to local units of government to continue
37 multijurisdictional narcotics task forces;

1 (b) \$611,177 to the department to continue the drug prosecution
2 assistance program in support of multijurisdictional narcotics task
3 forces;

4 (c) \$1,343,603 to the Washington state patrol for coordination,
5 investigative, and supervisory support to the multijurisdictional
6 narcotics task forces and for methamphetamine education and response;

7 (d) \$197,154 to the department for grants to support tribal law
8 enforcement needs;

9 (e) \$976,897 to the department of social and health services,
10 division of alcohol and substance abuse, for drug courts in eastern and
11 western Washington;

12 (f) \$298,246 to the department for training and technical
13 assistance of public defenders representing clients with special needs;

14 (g) \$687,155 to the department to continue domestic violence legal
15 advocacy;

16 (h) \$890,150 to the department of social and health services,
17 juvenile rehabilitation administration, to continue youth violence
18 prevention and intervention projects;

19 (i) \$60,000 to the department for community-based advocacy services
20 to victims of violent crime, other than sexual assault and domestic
21 violence;

22 (j) \$89,705 to the department to continue the governor's council on
23 substance abuse;

24 (k) \$97,591 to the department to continue evaluation of Byrne
25 formula grant programs;

26 (l) \$572,919 to the office of financial management for criminal
27 history records improvement; and

28 (m) \$804,228 to the department for required grant administration,
29 monitoring, and reporting on Byrne formula grant programs.

30 These amounts represent the maximum Byrne grant expenditure
31 authority for each program. No program may expend Byrne grant funds in
32 excess of the amounts provided in this subsection. If moneys in excess
33 of those appropriated in this subsection become available, whether from
34 prior or current fiscal year Byrne grant distributions, the department
35 shall hold these moneys in reserve and may not expend them without
36 specific appropriation. These moneys shall be carried forward and
37 applied to the pool of moneys available for appropriation for programs
38 and projects in the succeeding fiscal year. As part of its budget

1 request for the succeeding year, the department shall estimate and
2 request authority to spend any funds remaining in reserve as a result
3 of this subsection.

4 (4) \$125,000 of the general fund--state appropriation for fiscal
5 year 2004 and \$125,000 of the general fund--state appropriation for
6 fiscal year 2005 are provided solely for implementing the industries of
7 the future strategy.

8 (5) \$200,000 of the general fund--state appropriation for fiscal
9 year 2004 and \$200,000 of the general fund--state appropriation for
10 fiscal year 2005 are provided solely for a contract with the Washington
11 manufacturing services.

12 (6) \$205,000 of the general fund--state appropriation for fiscal
13 year 2004 and \$205,000 of the general fund--state appropriation for
14 fiscal year 2005 are provided solely for grants to Washington Columbia
15 River Gorge counties to implement their responsibilities under the
16 national scenic area management plan. Of this amount, \$390,000 is
17 provided for Skamania county and \$20,000 is provided for Clark county.

18 (7) \$50,000 of the general fund--state appropriation for fiscal
19 year 2004 and \$50,000 of the general fund--state appropriation for
20 fiscal year 2005 are provided solely for a contract with international
21 trade alliance of Spokane.

22 (8) \$5,085,000 of the general fund--state appropriation for fiscal
23 year 2004, \$5,085,000 of the general fund--state appropriation for
24 fiscal year 2005, \$4,250,000 of the general fund--federal
25 appropriation, and \$6,145,000 of the Washington housing trust account
26 are provided solely for providing housing and shelter for homeless
27 people, including but not limited to grants to operate, repair, and
28 staff shelters; grants to operate transitional housing; partial
29 payments for rental assistance; consolidated emergency assistance;
30 overnight youth shelters; and emergency shelter assistance.

31 (9) \$697,000 of the community economic development account
32 appropriation is provided solely for support of the developmental
33 disabilities endowment governing board and costs of the endowment
34 program. The governing board may use appropriations to implement a
35 sliding-scale fee waiver for families earning below 150 percent of the
36 state median family income.

37 (10) \$800,000 of the general fund--federal appropriation and \$6,000
38 of the lead paint account--state appropriation are provided solely to

1 implement Engrossed Substitute Senate Bill No. 5586 (lead-based paint).
2 If the bill is not enacted by June 30, 2003, the amounts provided in
3 this subsection shall lapse.

4 (11) \$300,000 of the general fund--state appropriation for fiscal
5 year 2004 and \$300,000 of the general fund--state appropriation for
6 fiscal year 2005 are provided solely for the business retention and
7 expansion program to fund contracts with locally based development
8 organizations for local business and job retention activities.

9 (12) \$200,000 of the general fund--state appropriation for fiscal
10 year 2004 and \$200,000 of the general fund--state appropriation for
11 fiscal year 2005 are provided solely for the tourism office to market
12 Washington state as a travel destination to northwest states,
13 California, and British Columbia. By December 1, 2004, the department
14 shall report to the relevant legislative policy and fiscal committees
15 on the effectiveness of these expenditures.

16 (13) \$200,000 of the general fund--state appropriation for fiscal
17 year 2004 and \$200,000 of the general fund--state appropriation for
18 fiscal year 2005 are provided solely for business development
19 activities to conduct statewide and/or regional business recruitment
20 and client lead generation services.

21 (14) \$60,000 of the general fund--state appropriation for fiscal
22 year 2004 and \$60,000 of the general fund--state appropriation for
23 fiscal year 2005 are provided solely for the community services block
24 grant program for pass-through to community action agencies.

25 (15) \$26,862,000 of the general fund--state appropriation for
26 fiscal year 2004 and \$26,862,000 of the general fund--state
27 appropriation for fiscal year 2005 are provided solely for providing
28 early childhood education assistance.

29 (16) Within the amounts appropriated in this section, funding is
30 provided for Washington state dues for the Pacific northwest economic
31 region.

32 (17) \$200,000 of the general fund--state appropriation for fiscal
33 year 2004 and \$200,000 of the general fund--state appropriation for
34 fiscal year 2005 are provided solely for the foreign offices (overseas
35 representatives) to expand local capacity for China, expand operations
36 in Shanghai, Beijing and Hong Kong, and in Mexico to assist Washington
37 exporters in expanding their sales opportunities.

1 (18) \$600,000 of the public safety and education account
2 appropriation is provided solely for sexual assault prevention and
3 treatment programs.

4 (19) \$65,000 of the general fund--state appropriation for fiscal
5 year 2004 and \$65,000 of the general fund--state appropriation for
6 fiscal year 2005 are provided solely for a contract with a food
7 distribution program for communities in the southwestern portion of the
8 state and for workers impacted by timber and salmon fishing closures
9 and reductions. The department may not charge administrative overhead
10 or expenses to the funds provided in this subsection.

11 (20) Repayments of outstanding loans granted under RCW 43.63A.600,
12 the mortgage and rental assistance program, shall be remitted to the
13 department, including any current revolving account balances. The
14 department shall contract with a lender or contract collection agent to
15 act as a collection agent of the state. The lender or contract
16 collection agent shall collect payments on outstanding loans, and
17 deposit them into an interest-bearing account. The funds collected
18 shall be remitted to the department quarterly. Interest earned in the
19 account may be retained by the lender or contract collection agent, and
20 shall be considered a fee for processing payments on behalf of the
21 state. Repayments of loans granted under this chapter shall be made to
22 the lender or contract collection agent as long as the loan is
23 outstanding, notwithstanding the repeal of the chapter.

24 (21) Within amounts provided in this section, sufficient funding is
25 provided to implement Engrossed House Bill No. 1090 (trafficking of
26 persons).

27 NEW SECTION. **Sec. 127. FOR THE ECONOMIC AND REVENUE FORECAST**
28 **COUNCIL**

29	General Fund--State Appropriation (FY 2004)	\$518,000
30	General Fund--State Appropriation (FY 2005)	\$519,000
31	TOTAL APPROPRIATION	\$1,037,000

32 NEW SECTION. **Sec. 128. FOR THE OFFICE OF FINANCIAL MANAGEMENT**

33	General Fund--State Appropriation (FY 2004)	\$12,662,000
34	General Fund--State Appropriation (FY 2005)	\$12,383,000
35	General Fund--Federal Appropriation	\$23,500,000
36	Violence Reduction and Drug Enforcement	

1	Account--State Appropriation	\$242,000
2	State Auditing Services Revolving	
3	Account--State Appropriation	\$25,000
4	TOTAL APPROPRIATION	\$48,812,000

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

7 (1) \$127,000 of the general fund--state appropriation for fiscal
8 year 2004 and \$122,000 of the general fund--state appropriation for
9 fiscal year 2005 are provided solely to implement Second Substitute
10 Senate Bill No. 5694 (integrated permit system). If the bill is not
11 enacted by June 30, 2003, the amounts provided in this subsection shall
12 lapse.

13 (2) By November 15, 2003, the office of financial management shall
14 report to the house of representatives committees on appropriations,
15 capital budget, and transportation and to the senate committees on ways
16 and means and highways and transportation on the ten general priorities
17 of government upon which the 2005-07 biennial budgets will be
18 structured. Each priority must include a proposed set of cross agency
19 activities with definitions and outcome measures. For historical
20 comparisons, the 2001-03 expenditures and 2003-05 appropriations must
21 be restated in this format and organized by priority, activity, fund
22 source, and agency.

23 **NEW SECTION. Sec. 129. FOR THE OFFICE OF ADMINISTRATIVE HEARINGS**
24 Administrative Hearings Revolving Account--State
25 Appropriation \$24,619,000

26 **NEW SECTION. Sec. 130. FOR THE DEPARTMENT OF PERSONNEL**
27 Department of Personnel Service Account--State
28 Appropriation \$16,247,000
29 Higher Education Personnel Services Account--State
30 Appropriation \$1,612,000
31 TOTAL APPROPRIATION \$17,859,000

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

34 (1) The department is authorized to enter into a financing contract
35 for up to \$32,095,000, plus necessary financing expenses and required
36 reserves, pursuant to chapter 39.94 RCW. The contract shall be to

1 purchase, develop, and implement a new statewide payroll system and
2 shall be for a term of not more than twelve years. The legislature
3 recognizes the critical nature of the human resource management system
4 and its relationship to successful implementation of civil service
5 reform, collective bargaining, and the ability to permit contracting
6 out of services to the private sector. Projects of this size and
7 complexity have many risks associated with their successful and timely
8 completion, therefore, to help ensure project success, the department
9 of personnel and the office of financial management shall jointly
10 report to the legislature by January 15, 2004, on progress toward
11 implementing the human resource management system. The report shall
12 include a description of mitigation strategies employed to address the
13 risks related to: Business requirements not fully defined at the
14 project outset; short time frame for system implementation; and delays
15 experienced by other states. The report shall assess the probability
16 of meeting the system implementation schedule and recommend contingency
17 strategies as needed. The report shall establish the timelines, the
18 critical path, and the dependencies for realizing each of the benefits
19 articulated in the system feasibility study.

20 (2) The department shall coordinate with the governor's office of
21 Indian affairs on providing one-day government to government training
22 sessions for federal, state, local, and tribal government employees.
23 The training sessions must cover tribal historical perspectives, legal
24 issues, tribal sovereignty, and tribal governments. Costs of the
25 training sessions shall be recouped through a fee charged to the
26 participants of each session.

27 NEW SECTION. **Sec. 131. FOR THE WASHINGTON STATE LOTTERY**
28 Lottery Administrative Account--State
29 Appropriation \$22,743,000

30 The appropriation in this section is subject to the following
31 conditions and limitations: Within the funds appropriated in this
32 section, the lottery commission shall provide administrative support to
33 assist a task force to examine possible means to enhance state revenue
34 from gaming as follows:

- 35 (1) The task force shall consist of the following members:
36 (a) One member from each of the two largest caucuses of the senate,
37 appointed by the president of the senate;

1 (b) One member from each of the two largest caucuses of the house
2 of representatives, appointed by the speaker of the house of
3 representatives;

4 (c) The executive director of the Washington state lottery;

5 (d) The executive director of the Washington state gambling
6 commission; and

7 (e) The governor's designee.

8 (2) The task force shall report its findings on possible means to
9 enhance state revenue from gaming to the senate commerce and trade
10 committee, the senate ways and means committee, the house of
11 representatives commerce and labor committee, the house of
12 representatives finance committee, and the house of representatives
13 appropriations committee by January 5, 2004.

14 NEW SECTION. **Sec. 132. FOR THE COMMISSION ON HISPANIC AFFAIRS**

15	General Fund--State Appropriation (FY 2004)	\$204,000
16	General Fund--State Appropriation (FY 2005)	\$204,000
17	TOTAL APPROPRIATION	\$408,000

18 NEW SECTION. **Sec. 133. FOR THE COMMISSION ON AFRICAN-AMERICAN**
19 **AFFAIRS**

20	General Fund--State Appropriation (FY 2004)	\$198,000
21	General Fund--State Appropriation (FY 2005)	\$199,000
22	TOTAL APPROPRIATION	\$397,000

23 NEW SECTION. **Sec. 134. FOR THE PERSONNEL APPEALS BOARD**

24	Department of Personnel Service Account--State	
25	Appropriation	\$1,725,000

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

28	Dependent Care Administrative Account--State	
29	Appropriation	\$384,000
30	Department of Retirement Systems Expense Account--	
31	State Appropriation	\$44,485,000
32	TOTAL APPROPRIATION	\$44,869,000

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

1 (1) \$31,000 of the retirement systems expense account appropriation
2 is provided solely to implement House Bill No. 1519, chapter 155, Laws
3 of 2003 (unreduced duty death survivor benefits).

4 (2) \$1,678,000 of the retirement systems expense account
5 appropriation is provided solely to implement House Bill No. 2197,
6 chapter 92, Laws of 2003 (law enforcement officers' and fire fighters'
7 plan 2 board implementation).

8 (3) \$2,083,000 of the retirement systems expense account
9 appropriation is provided solely for the support of the information
10 systems project known as the electronic document image management
11 system.

12 (4) \$124,000 of the department of retirement systems expense
13 account--state appropriation is provided solely to implement Senate
14 Bill No. 5094, chapter 157, Laws of 2003 (substitute employees'
15 retirement credit).

16 (5) \$77,000 of the department of retirement systems expense
17 account--state appropriation is provided solely to implement Senate
18 Bill No. 5100, chapter 32, Laws of 2003 (fallen hero survivor
19 benefits).

20 (6) \$21,000 of the department of retirement systems expense
21 account--state appropriation is provided solely to implement House Bill
22 No. 1206, chapter 156, Laws of 2003 (plan 3 contributions).

23 (7) \$30,000 of the department of retirement systems expense
24 account--state appropriation is provided solely to implement House Bill
25 No. 1207, chapter 402, Laws of 2003 (employee death benefits).

26 (8) \$324,000 of the department of retirement systems expense
27 account--state appropriation is provided solely to implement Substitute
28 House Bill No. 1829, chapter 412, Laws of 2003 (retire-rehire reform).

29 (9) \$125,000 of the department of retirement systems expense
30 account--state appropriation is provided solely to implement Substitute
31 House Bill No. 1202, chapter 293, Laws of 2003 (emergency medical
32 technicians' retirement).

33 **NEW SECTION. Sec. 136. FOR THE STATE INVESTMENT BOARD**

34 General Fund--State Appropriation (FY 2004)	\$100,000
35 State Investment Board Expense Account--State	
36 Appropriation	\$13,262,000
37 TOTAL APPROPRIATION	\$13,362,000

1 The appropriations in this section are subject to the following
 2 conditions and limitations: \$100,000 of the general fund--state
 3 appropriation for fiscal year 2004 is provided solely for a contract
 4 with a real estate investment consultant to prepare options and
 5 recommended investment strategies for surplus property at the five
 6 state residential habilitation centers, where the proceeds will be
 7 deposited into an account to fund services for developmentally disabled
 8 clients. In developing the recommended strategies for the Fircrest
 9 school property, the contractor shall identify an investment strategy
 10 that will produce a long-term investment return on the property,
 11 without sale of the land. The report shall be submitted to the
 12 appropriate committees of the legislature by December 1, 2003.

13 NEW SECTION. **Sec. 137. FOR THE DEPARTMENT OF REVENUE**

14	General Fund--State Appropriation (FY 2004)	\$82,644,000
15	General Fund--State Appropriation (FY 2005)	\$81,916,000
16	Timber Tax Distribution Account--State	
17	Appropriation	\$5,191,000
18	Waste Education/Recycling/Litter Control--State	
19	Appropriation	\$101,000
20	State Toxics Control Account--State	
21	Appropriation	\$67,000
22	Oil Spill Administration Account--State	
23	Appropriation	\$14,000
24	TOTAL APPROPRIATION	\$169,933,000

25 NEW SECTION. **Sec. 138. FOR THE BOARD OF TAX APPEALS**

26	General Fund--State Appropriation (FY 2004)	\$1,141,000
27	General Fund--State Appropriation (FY 2005)	\$988,000
28	TOTAL APPROPRIATION	\$2,129,000

29 NEW SECTION. **Sec. 139. FOR THE MUNICIPAL RESEARCH COUNCIL**

30	City and Town Research Services Account--	
31	State Appropriation	\$3,852,000
32	County Research Services Account--State	
33	Appropriation	\$769,000
34	TOTAL APPROPRIATION	\$4,621,000

1 NEW SECTION. **Sec. 140. FOR THE OFFICE OF MINORITY AND WOMEN'S**
2 **BUSINESS ENTERPRISES**

3 OMWBE Enterprises Account--State

4 Appropriation \$1,990,000

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

7 (1) The office's revolving fund charges to state agencies may not
8 exceed \$1,282,000.

9 (2) During the 2003-05 biennium, the office may receive gifts,
10 grants, or endowments from public or private sources that are made from
11 time to time, in trust or otherwise, for the use and benefit of the
12 purposes of the office and spend gifts, grants, or endowments or income
13 from the public or private sources according to their terms, unless the
14 receipt of the gifts, grants, or endowments violates RCW 42.17.710.

15 (3) During fiscal year 2004, the office may raise fees in excess of
16 the fiscal growth factor.

17 *NEW SECTION. **Sec. 141. FOR THE DEPARTMENT OF GENERAL**
18 **ADMINISTRATION**

19 General Fund--State Appropriation (FY 2004) \$193,000

20 General Fund--State Appropriation (FY 2005) \$275,000

21 General Fund--Federal Appropriation \$3,215,000

22 General Administration Services Account--State

23 Appropriation \$38,086,000

24 TOTAL APPROPRIATION \$41,769,000

25 *The appropriations in this section are subject to the following*
26 *conditions and limitations: Beginning on the effective date of this*
27 *act, the department of general administration shall not purchase or*
28 *lease any additional automobiles for the state motor pool unless the*
29 *director of general administration determines that the purchase or*
30 *lease is necessary for the safety of state personnel.*

**Sec. 141 was partially vetoed. See message at end of chapter.*

31 NEW SECTION. **Sec. 142. FOR THE DEPARTMENT OF INFORMATION**
32 **SERVICES**

33 General Fund--State Appropriation (FY 2004) \$1,000,000

34 General Fund--State Appropriation (FY 2005) \$1,000,000

35 Data Processing Revolving Account--State Appropriation . . . \$3,569,000

36 TOTAL APPROPRIATION \$5,569,000

1 The appropriations in this section are subject to the following
2 conditions and limitations: \$1,000,000 of the general fund--state
3 appropriation for fiscal year 2004 and \$1,000,000 of the general fund--
4 state appropriation for fiscal year 2005 are provided solely for the
5 digital learning commons to create a demonstration project, in
6 collaboration with schools, which will provide a web-based portal where
7 students, parents, and teachers from around the state will have access
8 to digital curriculum resources, learning tools, and online classes.
9 The intent is to establish a clearinghouse of high quality online
10 courses and curriculum materials that are aligned with the state's
11 essential learning requirements. The clearinghouse shall be designed
12 for ease of use and shall pool the purchasing power of the state so
13 that these resources and courses are affordable and accessible to
14 schools, teachers, students, and parents. These appropriations are
15 subject to the following conditions and limitations:

16 (1) The funding provided in this section shall be expended
17 primarily for acquiring online courses and curriculum materials that
18 are aligned with the state "essential learning requirements" and that
19 meet standards of quality. No more than ten percent of the funds
20 provided in this subsection shall be used for administrative expenses
21 of the digital learning commons.

22 (2) To the maximum extent possible, funds shall be used on
23 demonstration projects that utilize online course materials and
24 curricula that are already available. The commons may also consider
25 utilizing existing products in establishing the entire digital learning
26 commons.

27 (3) By September 1, 2003, the digital learning commons shall begin
28 offering access to and reimbursement for online courses and services.

29 (4) In consultation with the department of information services,
30 the office of financial management shall monitor compliance with these
31 conditions and limitations. By February 1, 2004, the digital learning
32 commons shall submit a report to the governor and the appropriate
33 legislative committees detailing the types of courses and services
34 offered and the number of students served through the digital learning
35 commons.

36 NEW SECTION. **Sec. 143. FOR THE INSURANCE COMMISSIONER**
37 General Fund--Federal Appropriation \$631,000

1 Insurance Commissioners Regulatory Account--State
 2 Appropriation \$32,307,000
 3 TOTAL APPROPRIATION \$32,938,000

4 NEW SECTION. **Sec. 144. FOR THE BOARD OF ACCOUNTANCY**

5 Certified Public Accountants' Account--State
 6 Appropriation \$1,985,000

7 The appropriation in this section is subject to the following
 8 conditions and limitations: \$351,000 of the certified public
 9 accountants' account appropriation is provided solely for the
 10 implementation of Substitute House Bill No. 1211 (public accountancy
 11 act). The board may increase fees during the 2003-05 fiscal biennium
 12 in excess of the fiscal growth factor as provided in RCW 43.135.055, if
 13 the increases are necessary to fully fund the cost of administering the
 14 bill.

15 NEW SECTION. **Sec. 145. FOR THE FORENSIC INVESTIGATION COUNCIL**

16 Death Investigations Account--State
 17 Appropriation \$274,000

18 The appropriation in this section is subject to the following
 19 conditions and limitations: \$250,000 of the death investigation
 20 account appropriation is provided solely for providing financial
 21 assistance to local jurisdictions in multiple death investigations.
 22 The forensic investigation council shall develop criteria for awarding
 23 these funds for multiple death investigations involving an
 24 unanticipated, extraordinary, and catastrophic event or those involving
 25 multiple jurisdictions.

26 NEW SECTION. **Sec. 146. FOR THE HORSE RACING COMMISSION**

27 Horse Racing Commission Account--State
 28 Appropriation \$4,609,000

29 NEW SECTION. **Sec. 147. FOR THE LIQUOR CONTROL BOARD**

30 General Fund--State Appropriation (FY 2004) \$1,454,000
 31 General Fund--State Appropriation (FY 2005) \$1,455,000
 32 Liquor Control Board Construction and Maintenance
 33 Account--State Appropriation \$5,717,000
 34 Liquor Revolving Account--State

1 Appropriation \$133,842,000
2 TOTAL APPROPRIATION \$142,468,000

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

5 (1) \$2,000,000 of the liquor revolving account appropriation is
6 provided solely for the costs associated with the completion of the
7 merchandising business system. Actual expenditures are limited to the
8 balance of funds remaining from the \$4,803,000 appropriation provided
9 for the merchandise business system in the 2001-03 budget.

10 (2) \$1,309,000 of the liquor revolving account appropriation is
11 provided solely for the costs associated with purchasing merchandise
12 business system software and hardware-related items, and hiring system-
13 related staff.

14 (3) As required under RCW 66.16.010, the liquor control board shall
15 add an equivalent surcharge of \$0.42 per liter on all retail sales of
16 spirits, excluding licensee, military and tribal sales, effective no
17 later than September 1, 2003. The intent of this surcharge is to raise
18 \$14,000,000 in additional revenue for the 2003-05 biennium. To the
19 extent that a lesser surcharge is sufficient to raise \$14,000,000, the
20 board may reduce the amount of the surcharge. The board shall remove
21 the surcharge once it generates \$14,000,000, but no later than June 30,
22 2005.

23 *NEW SECTION. **Sec. 148. FOR THE UTILITIES AND TRANSPORTATION**
24 **COMMISSION**

25 Public Service Revolving Account--State
26 Appropriation \$25,872,000
27 Pipeline Safety Account--State
28 Appropriation \$2,768,000
29 Pipeline Safety Account--Federal
30 Appropriation \$1,041,000
31 TOTAL APPROPRIATION \$29,681,000

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

34 (1) The commission shall report back to the appropriate policy
35 committees of the legislature by July 1st of 2003 and 2004 a list of
36 authorized out-of-state travel for the preceding calendar year.

1 (2) Consistent with the purposes of RCW 80.01.080, the commission
2 may accept reimbursement for travel by its employees to participate in
3 multistate regulatory matters.

4 (3) \$135,000 of the public services revolving account appropriation
5 and \$15,000 of the pipeline safety account--state appropriation are
6 provided solely for the implementation of the commission's financial
7 systems project. If final approval for the project is not granted by
8 the office of financial management, the amounts provided in this
9 subsection shall lapse.

10 (4) \$200,000 of the public services revolving account appropriation
11 is provided solely for an interagency transfer to the joint legislative
12 audit and review committee for the implementation of Substitute House
13 Bill No. 1013 (UTC performance audit). If the bill is not enacted by
14 June 30, 2003, the amount provided in this subsection shall lapse.

**Sec. 148 was partially vetoed. See message at end of chapter.*

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

16 Volunteer Firefighters' Relief and Pension
17 Administrative Account--State

18 Appropriation \$733,000

19 **NEW SECTION. Sec. 150. FOR THE MILITARY DEPARTMENT**

20 General Fund--State Appropriation (FY 2004) \$8,486,000

21 General Fund--State Appropriation (FY 2005) \$8,223,000

22 General Fund--Federal Appropriation \$72,094,000

23 General Fund--Private/Local Appropriation \$371,000

24 Enhanced 911 Account--State Appropriation \$33,955,000

25 Disaster Response Account--State Appropriation \$190,000

26 Worker and Community Right to Know Fund--State

27 Appropriation \$290,000

28 Nisqually Earthquake Account--State

29 Appropriation \$13,128,000

30 Nisqually Earthquake Account--Federal

31 Appropriation \$48,725,000

32 TOTAL APPROPRIATION \$185,462,000

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

35 (1) \$190,000 of the disaster response account--state appropriation
36 is provided solely to develop and implement a disaster grant management

1 system. The military department shall also submit a report quarterly
2 to the office of financial management and the legislative fiscal
3 committees detailing information on the disaster response account,
4 including: (a) The amount and type of deposits into the account; (b)
5 the current available fund balance as of the reporting date; and (c)
6 the projected fund balance at the end of the 2003-05 biennium based on
7 current revenue and expenditure patterns.

8 (2) \$10,128,000 of the Nisqually earthquake account--state
9 appropriation and \$48,725,000 of the Nisqually earthquake account--
10 federal appropriation are provided solely for response and recovery
11 costs associated with the February 28, 2001, earthquake. The military
12 department shall submit a report quarterly to the office of financial
13 management and the legislative fiscal committees detailing earthquake
14 recovery costs, including: (a) Estimates of total costs; (b)
15 incremental changes from the previous estimate; (c) actual
16 expenditures; (d) estimates of total remaining costs to be paid; and
17 (e) estimates of future payments by biennium. This information shall
18 be displayed by fund, by type of assistance, and by amount paid on
19 behalf of state agencies or local organizations. The military
20 department shall also submit a report quarterly to the office of
21 financial management and the legislative fiscal committees detailing
22 information on the Nisqually earthquake account, including: (a) The
23 amount and type of deposits into the account; (b) the current available
24 fund balance as of the reporting date; and (c) the projected fund
25 balance at the end of the 2003-05 biennium based on current revenue and
26 expenditure patterns.

27 (3) \$3,000,000 of the Nisqually earthquake account--state
28 appropriation is provided solely to cover other response and recovery
29 costs associated with the Nisqually earthquake that are not eligible
30 for federal emergency management agency reimbursement. Prior to
31 expending funds provided in this subsection, the military department
32 shall obtain prior approval of the director of financial management.
33 Prior to approving any single project of over \$1,000,000, the office of
34 financial management shall notify the fiscal committees of the
35 legislature. The military department is to submit a quarterly report
36 detailing the costs authorized under this subsection to the office of
37 financial management and the legislative fiscal committees.

1 (4) \$200,000 of the general fund--state appropriation for fiscal
2 year 2004 and \$43,555,000 of the general fund--federal appropriation
3 are provided solely for homeland security, to be distributed as
4 follows:

5 (a) \$9,469,000 of the general fund--federal appropriation to units
6 of local government for homeland security purposes. Any communications
7 equipment purchased shall be consistent with standards set by the
8 Washington state interoperability executive committee;

9 (b) \$200,000 of the general fund--state appropriation for fiscal
10 year 2004 and \$200,000 of the general fund--federal appropriation to
11 the department to conduct the terrorism consequence management program;

12 (c) \$100,000 of the general fund--federal appropriation to the
13 department to conduct a critical infrastructure assessment;

14 (d) \$500,000 of the general fund--federal appropriation to the
15 office of financial management for the citizen corps and the community
16 emergency response teams;

17 (e) \$1,384,000 of the general fund--federal appropriation to the
18 department to provide homeland security exercise and training
19 opportunities to state and local governments, and to develop, monitor,
20 coordinate, and manage statewide homeland security programs, including
21 required grant administration, monitoring, and reporting;

22 (f) \$29,917,000 of the general fund--federal appropriation for
23 other anticipated homeland security needs. This amount shall not be
24 allotted until a spending plan is approved by the governor's domestic
25 security advisory group and the office of financial management;

26 (g) The remaining general fund--federal appropriation may be
27 expended according to federal requirements;

28 (h) Federal moneys shall be carried forward and applied to the pool
29 of moneys available for appropriation for programs and projects in the
30 succeeding fiscal year. Funding is contingent upon receipt of federal
31 awards. As part of its budget request in each year, the department
32 shall estimate and request authority to spend any federal funds
33 remaining available as a result of this subsection;

34 (i) The department shall submit a quarterly report to the office of
35 financial management and the legislative fiscal committees detailing
36 the governor's domestic security advisory group recommendations;
37 homeland security revenues and expenditures, including estimates of
38 total federal funding for Washington state; incremental changes from

1 the previous estimate, planned and actual homeland security
2 expenditures by the state and local governments with this federal
3 funding; and matching or accompanying state or local expenditures.

4 NEW SECTION. **Sec. 151. FOR THE PUBLIC EMPLOYMENT RELATIONS**
5 **COMMISSION**

6	General Fund--State Appropriation (FY 2004)	\$2,362,000
7	General Fund--State Appropriation (FY 2005)	\$2,436,000
8	Department of Personnel Service Account--State	
9	Appropriation	\$2,542,000
10	TOTAL APPROPRIATION	\$7,340,000

11 The appropriations in this section are subject to the following
12 conditions and limitations: \$40,000 of the general fund--state
13 appropriation for fiscal year 2005 is provided solely for the
14 implementation of Second Substitute Senate Bill No. 5012 (charter
15 schools). If the bill is not enacted by June 30, 2003, the amount
16 provided in this subsection shall lapse.

17 NEW SECTION. **Sec. 152. FOR THE GROWTH PLANNING HEARINGS BOARD**

18	General Fund--State Appropriation (FY 2004)	\$1,536,000
19	General Fund--State Appropriation (FY 2005)	\$1,467,000
20	TOTAL APPROPRIATION	\$3,003,000

21 NEW SECTION. **Sec. 153. FOR THE STATE CONVENTION AND TRADE CENTER**

22	State Convention and Trade Center Operating	
23	Account--State Appropriation	\$40,715,000
24	State Convention and Trade Center Account--State	
25	Appropriation	\$31,037,000
26	TOTAL APPROPRIATION	\$71,752,000

(End of part)

PART II
HUMAN SERVICES

NEW SECTION. **Sec. 201. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES.** (1) Appropriations made in this act to the department of social and health services shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act except as expressly provided in this act, nor shall allotment modifications permit moneys that are provided solely for a specified purpose to be used for other than that purpose.

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

(3) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act.

(4) The department is authorized to develop an integrated health care program designed to slow the progression of illness and disability and better manage Medicaid expenditures for the aged and disabled population. Under this Washington medicaid integration partnership (WMIP) the department may combine and transfer such Medicaid funds appropriated under sections 204, 206, 208, and 209 of this act as may be necessary to finance a unified health care plan for the WMIP program

1 enrollment. The WMIP pilot projects shall not exceed a daily
 2 enrollment of 6,000 persons during the 2003-05 biennium. The amount of
 3 funding assigned to the pilot projects from each program may not exceed
 4 the average per capita cost assumed in this act for individuals covered
 5 by that program, actuarially adjusted for the health condition of
 6 persons enrolled in the pilot, times the number of clients enrolled in
 7 the pilot. In implementing the WMIP pilot projects, the department
 8 may: (a) Withhold from calculations of "available resources" as set
 9 forth in RCW 71.24.025 a sum equal to the capitated rate for
 10 individuals enrolled in the pilots; and (b) employ capitation financing
 11 and risk-sharing arrangements in collaboration with health care service
 12 contractors licensed by the office of the insurance commissioner and
 13 qualified to participate in both the medicaid and medicare programs.
 14 The department shall conduct an evaluation of the WMIP, measuring
 15 changes in participant health outcomes, changes in patterns of service
 16 utilization, participant satisfaction, participant access to services,
 17 and the state fiscal impact.

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

20	General Fund--State Appropriation (FY 2004)	\$231,566,000
21	General Fund--State Appropriation (FY 2005)	\$232,468,000
22	General Fund--Federal Appropriation	\$416,043,000
23	General Fund--Private/Local Appropriation	\$400,000
24	Public Safety and Education Account--	
25	State Appropriation	\$23,920,000
26	Violence Reduction and Drug Enforcement Account--	
27	State Appropriation	\$5,640,000
28	TOTAL APPROPRIATION	\$910,037,000

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

31 (1) \$2,271,000 of the fiscal year 2004 general fund--state
 32 appropriation, \$2,271,000 of the fiscal year 2005 general fund--state
 33 appropriation, and \$1,584,000 of the general fund--federal
 34 appropriation are provided solely for the category of services titled
 35 "intensive family preservation services."

36 (2) \$701,000 of the general fund--state fiscal year 2004
 37 appropriation and \$701,000 of the general fund--state fiscal year 2005

1 appropriation are provided to contract for the operation of one
2 pediatric interim care facility. The facility shall provide
3 residential care for up to thirteen children through two years of age.
4 Seventy-five percent of the children served by the facility must be in
5 need of special care as a result of substance abuse by their mothers.
6 The facility shall also provide on-site training to biological,
7 adoptive, or foster parents. The facility shall provide at least three
8 months of consultation and support to parents accepting placement of
9 children from the facility. The facility may recruit new and current
10 foster and adoptive parents for infants served by the facility. The
11 department shall not require case management as a condition of the
12 contract.

13 (3) \$375,000 of the general fund--state fiscal year 2004
14 appropriation, \$375,000 of the general fund--state fiscal year 2005
15 appropriation, and \$322,000 of the general fund--federal appropriation
16 are provided for up to three nonfacility-based programs for the
17 training, consultation, support, and recruitment of biological, foster,
18 and adoptive parents of children through age three in need of special
19 care as a result of substance abuse by their mothers, except that each
20 program may serve up to three medically fragile nonsubstance-abuse-
21 affected children. In selecting nonfacility-based programs, preference
22 shall be given to programs whose federal or private funding sources
23 have expired or that have successfully performed under the existing
24 pediatric interim care program.

25 (4) The providers for the 31 HOPE beds shall be paid a \$1,000 base
26 payment per bed per month, and reimbursed for the remainder of the bed
27 cost only when the beds are occupied.

28 (5) \$125,000 of the general fund--state appropriation for fiscal
29 year 2004 and \$125,000 of the general fund--state appropriation for
30 fiscal year 2005 are provided solely for a foster parent retention
31 program. This program is directed at foster parents caring for
32 children who act out sexually.

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

1 department shall adjust adoption support benefits to account for the
2 availability of the new federal adoption support tax credit for special
3 needs children.

4 (7) \$50,000 of the fiscal year 2004 general fund--state
5 appropriation and \$50,000 of the fiscal year 2005 general fund--state
6 appropriation are provided solely for a street youth program in
7 Spokane.

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

10	General Fund--State Appropriation (FY 2004)	\$74,095,000
11	General Fund--State Appropriation (FY 2005)	\$72,697,000
12	General Fund--Federal Appropriation	\$12,062,000
13	General Fund--Private/Local Appropriation	\$1,098,000
14	Juvenile Accountability Incentive	
15	Account--Federal Appropriation	\$9,139,000
16	Violence Reduction and Drug Enforcement Account--	
17	State Appropriation	\$37,338,000
18	TOTAL APPROPRIATION	\$206,429,000

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

21 (1) \$695,000 of the violence reduction and drug enforcement account
22 appropriation is provided solely for deposit in the county criminal
23 justice assistance account for costs to the criminal justice system
24 associated with the implementation of chapter 338, Laws of 1997
25 (juvenile code revisions). The amounts provided in this subsection are
26 intended to provide funding for county adult court costs associated
27 with the implementation of chapter 338, Laws of 1997 and shall be
28 distributed in accordance with RCW 82.14.310.

29 (2) \$6,065,000 of the violence reduction and drug enforcement
30 account appropriation is provided solely for the implementation of
31 chapter 338, Laws of 1997 (juvenile code revisions). The amounts
32 provided in this subsection are intended to provide funding for county
33 impacts associated with the implementation of chapter 338, Laws of 1997
34 and shall be distributed to counties as prescribed in the current
35 consolidated juvenile services (CJS) formula.

36 (3) \$1,204,000 of the general fund--state appropriation for fiscal
37 year 2004, \$1,204,000 of the general fund--state appropriation for

1 fiscal year 2005, and \$5,262,000 of the violence reduction and drug
2 enforcement account appropriation are provided solely to implement
3 community juvenile accountability grants pursuant to chapter 338, Laws
4 of 1997 (juvenile code revisions). Funds provided in this subsection
5 may be used solely for community juvenile accountability grants,
6 administration of the grants, and evaluations of programs funded by the
7 grants.

8 (4) \$2,544,000 of the violence reduction and drug enforcement
9 account appropriation is provided solely to implement alcohol and
10 substance abuse treatment programs for locally committed offenders.
11 The juvenile rehabilitation administration shall award these moneys on
12 a competitive basis to counties that submitted a plan for the provision
13 of services approved by the division of alcohol and substance abuse.
14 The juvenile rehabilitation administration shall develop criteria for
15 evaluation of plans submitted and a timeline for awarding funding and
16 shall assist counties in creating and submitting plans for evaluation.

17 (5) \$100,000 of the general fund--state appropriation for fiscal
18 year 2004 and \$100,000 of the general fund--state appropriation for
19 fiscal year 2005 are provided solely for a contract for expanded
20 services of the teamchild project.

21 (6) \$16,000 of the general fund--state appropriation for fiscal
22 year 2004 and \$16,000 of the general fund--state appropriation for
23 fiscal year 2005 are provided solely for the implementation of chapter
24 167, Laws of 1999 (firearms on school property). The amounts provided
25 in this subsection are intended to provide funding for county impacts
26 associated with the implementation of chapter 167, Laws of 1999, and
27 shall be distributed to counties as prescribed in the current
28 consolidated juvenile services (CJS) formula.

29 **(7) \$1,478,000 of the juvenile accountability incentive account--**
30 **federal appropriation is provided solely for the continued**
31 **implementation of a pilot program to provide for postrelease planning**
32 **and treatment of juvenile offenders with co-occurring disorders.**

33 (8) \$16,000 of the violence reduction and drug enforcement account
34 appropriation is provided solely for the evaluation of the juvenile
35 offender co-occurring disorder pilot program implemented pursuant to
36 subsection (7) of this section.

37 (9) \$900,000 of the general fund--state appropriation for fiscal
38 year 2004 and \$900,000 of the general fund--state appropriation for

1 fiscal year 2005 are provided solely for the continued implementation
2 of the juvenile violence prevention grant program established in
3 section 204, chapter 309, Laws of 1999.

4 ***(10) The juvenile rehabilitation administration, in consultation***
5 ***with the juvenile court administrators, may agree on a formula to allow***
6 ***the transfer of funds among amounts appropriated for consolidated***
7 ***juvenile services, community juvenile accountability act grants, the***
8 ***chemically dependent disposition alternative, and the special sex***
9 ***offender disposition alternative. The juvenile rehabilitation***
10 ***administration shall electronically report to the legislature on the***
11 ***formula used and the transferred funding amounts, on a semi-annual***
12 ***basis, by county.***

13 (11) For the purposes of a pilot project recommended by the family
14 policy council, the juvenile rehabilitation administration shall
15 provide a block grant, rather than categorical funding, for
16 consolidated juvenile services, community juvenile accountability act
17 grants, the chemically dependent disposition alternative, and the
18 special sex offender disposition alternative to the Pierce county
19 juvenile court. To evaluate the effect of decategorizing funding for
20 youth services, the juvenile court shall do the following:

21 (a) Develop intermediate client outcomes according to the risk
22 assessment tool (RAT) currently used by juvenile courts and in
23 coordination with the juvenile rehabilitation administration and the
24 family policy council;

25 (b) Track the number of youth participating in each type of
26 service, intermediate outcomes, and the incidence of recidivism within
27 twenty-four months of completion of services;

28 (c) Track similar data as in (b) of this subsection with an
29 appropriate control group, selected in coordination with the juvenile
30 rehabilitation administration and the family policy council;

31 (d) Document the process for managing block grant funds on a
32 quarterly basis, and provide this report to the juvenile rehabilitation
33 administration and the family policy council; and

34 (e) Provide an initial process evaluation to the juvenile
35 rehabilitation administration and the family policy council by January
36 30, 2004, and an intermediate evaluation by December 31, 2004. The
37 court shall develop this evaluation in consultation with the juvenile

1 rehabilitation administration, the family policy council, and the
2 Washington state institute for public policy.

3 **(12) The juvenile rehabilitation administration shall allot and**
4 **expend funds provided in this section by the category and budget unit**
5 **structure submitted to the legislative evaluation and accountability**
6 **program committee.**

7 (13) \$308,000 of the general fund--state appropriation for fiscal
8 year 2004 and \$875,000 of the general fund--state appropriation for
9 fiscal year 2005 are provided solely to reimburse counties for local
10 juvenile disposition alternatives implemented pursuant to Senate Bill
11 No. 5903 (juvenile offender sentencing). The juvenile rehabilitation
12 administration, in consultation with the juvenile court administrators,
13 shall develop an equitable distribution formula for the funding
14 provided in this subsection. The juvenile rehabilitation
15 administration may adjust this funding level in the event that
16 utilization rates of the disposition alternatives are lower than the
17 level anticipated by the total appropriations to the juvenile
18 rehabilitation administration in this section. If the bill is not
19 enacted by June 30, 2003, the amounts provided in this subsection shall
20 lapse.

21 (14) \$1,416,000 of the general fund--state appropriation for fiscal
22 year 2004 and \$1,417,000 of the general fund--state appropriation for
23 fiscal year 2005 are provided solely for additional research-based
24 services to the juvenile parole population, including quality control
25 efforts to ensure appropriate implementation of research-based
26 services. The juvenile rehabilitation administration shall consult
27 with the Washington state institute for public policy in deciding which
28 interventions to provide to the parole population and appropriate
29 levels of quality control. Of the total general fund--state
30 appropriation for fiscal year 2004, up to \$55,000 may be used for
31 additional suicide precaution training for staff.

**Sec. 203 was partially vetoed. See message at end of chapter.*

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

34 (1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

35 General Fund--State Appropriation (FY 2004)	\$209,818,000
36 General Fund--State Appropriation (FY 2005)	\$211,317,000
37 General Fund--Federal Appropriation	\$384,801,000

1 General Fund--Local Appropriation \$1,970,000
2 TOTAL APPROPRIATION \$807,906,000

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

5 (a) Regional support networks shall use portions of the general
6 fund--state appropriation for implementation of working agreements with
7 the vocational rehabilitation program that will maximize the use of
8 federal funding for vocational programs.

9 (b) From the general fund--state appropriations in this subsection,
10 the secretary of social and health services shall assure that regional
11 support networks reimburse the aging and disability services
12 administration for the general fund--state cost of medicaid personal
13 care services that enrolled regional support network consumers use
14 because of their psychiatric disability.

15 (c) \$4,222,000 of the general fund--state appropriation for fiscal
16 year 2004, \$4,222,000 of the general fund--state appropriation for
17 fiscal year 2005, and \$8,444,000 of the general fund--federal
18 appropriation are provided solely for the continued operation of
19 community residential and support services for persons whose treatment
20 needs constitute substantial barriers to community placement and who no
21 longer require active psychiatric treatment at an inpatient hospital
22 level of care, no longer meet the criteria for inpatient involuntary
23 commitment, and have been discharged from a state psychiatric hospital.
24 Primary responsibility and accountability for provision of appropriate
25 community support for persons placed with these funds shall reside with
26 the mental health program and the regional support networks, with
27 partnership and active support from the alcohol and substance abuse
28 division and from the aging and disability services administration.
29 The department shall continue performance-based incentive contracts to
30 provide appropriate community support services for individuals leaving
31 the state hospitals under this subsection. The department shall first
32 seek to contract with regional support networks before offering a
33 contract to any other party. The funds appropriated in this subsection
34 shall not be considered "available resources" as defined in RCW
35 71.24.025 and are not subject to the standard allocation formula
36 applied in accordance with RCW 71.24.035(13)(a).

37 (d) At least \$902,000 of the federal block grant funding

1 appropriated in this subsection shall be used for the continued
2 operation of the mentally ill offender pilot program.

3 *(e) The department is authorized to implement a new formula for*
4 *allocating available resources among the regional support networks.*
5 *The distribution formula shall use the number of persons eligible for*
6 *the state medical programs funded under chapter 74.09 RCW as the*
7 *measure of the requirement for the number of acutely mentally ill,*
8 *chronically mentally ill, severely emotionally disturbed children, and*
9 *seriously disturbed in accordance with RCW 71.24.035(13)(a). The new*
10 *formula shall be phased in over a period of no less than six years.*
11 *Furthermore, the department shall increase the medicaid capitation*
12 *rates which a regional support network would otherwise receive under*
13 *the formula by an amount sufficient to maximize available federal*
14 *funding, provided that the nonfederal share of the higher medicaid*
15 *payment rate is provided by the regional support network from local*
16 *funds. The department shall first provide the higher payment to those*
17 *RSNs whose allocations under the funding formula would otherwise*
18 *increase the least from the previous year's level in fiscal year 2004*
19 *and fiscal year 2005.*

20 (f) Within funds appropriated in this subsection, the department
21 shall contract with the Clark county regional support network for
22 development and operation of a project demonstrating collaborative
23 methods for providing intensive mental health services in the school
24 setting for severely emotionally disturbed children who are medicaid
25 eligible. Project services are to be delivered by teachers and
26 teaching assistants who qualify as, or who are under the supervision
27 of, mental health professionals meeting the requirements of chapter
28 275-57 WAC. The department shall increase medicaid payments to the
29 regional support network by the amount necessary to cover the necessary
30 and allowable costs of the demonstration, not to exceed the upper
31 payment limit specified for the regional support network in the
32 department's medicaid waiver agreement with the federal government
33 after meeting all other medicaid spending requirements assumed in this
34 subsection. The regional support network shall provide the department
35 with (i) periodic reports on project service levels, methods, and
36 outcomes; and (ii) an intergovernmental transfer equal to the state
37 share of the increased medicaid payment provided for operation of this
38 project.

1 (g) The department shall assure that each regional support network
2 increases spending on direct client services in fiscal years 2004 and
3 2005 by at least the same percentage as the total state, federal, and
4 local funds allocated to the regional support network in those years
5 exceed the amounts allocated to it in fiscal year 2003.

6 ***(h) The department shall reduce state funding otherwise payable to***
7 ***a regional support network in fiscal year 2005 by the amount by which***
8 ***the regional support network's total administrative expenditures as of***
9 ***December 31, 2002, exceed 10 percent of total funding.***

10 (2) INSTITUTIONAL SERVICES

11	General Fund--State Appropriation (FY 2004)	\$94,196,000
12	General Fund--State Appropriation (FY 2005)	\$92,964,000
13	General Fund--Federal Appropriation	\$134,755,000
14	General Fund--Private/Local Appropriation	\$26,342,000
15	TOTAL APPROPRIATION	\$348,257,000

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

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

21 (b) The mental health program at Western state hospital shall
22 continue to use labor provided by the Tacoma prerelease program of the
23 department of corrections.

24 (3) CIVIL COMMITMENT

25	General Fund--State Appropriation (FY 2004)	\$28,695,000
26	General Fund--State Appropriation (FY 2005)	\$32,081,000
27	TOTAL APPROPRIATION	\$60,776,000

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

30 (a) \$1,381,000 of the general fund--state appropriation for fiscal
31 year 2004 and \$2,090,000 of the general fund--state appropriation for
32 fiscal year 2005 are provided solely for operational costs associated
33 with a less restrictive step-down placement facility on McNeil Island.

34 (b) \$300,000 of the general fund--state appropriation for fiscal
35 year 2004 and \$300,000 of the general fund--state appropriation for
36 fiscal year 2005 are provided solely for mitigation funding for
37 jurisdictions affected by the placement of less restrictive alternative

1 facilities for persons conditionally released from the special
 2 commitment center facility being constructed on McNeil Island. Of this
 3 amount, \$45,000 per year shall be provided to the city of Lakewood on
 4 September 1, 2003, and September 1, 2004, for police protection
 5 reimbursement at Western State Hospital and adjacent areas; up to
 6 \$45,000 per year shall be provided on September 1, 2003, and September
 7 1, 2004, for training police personnel under chapter 12, Laws of 2001,
 8 2nd sp. sess. (3ESSB 6151); up to \$125,000 per year shall be provided
 9 to Pierce county on September 1, 2003, and September 1, 2004, for
 10 reimbursement of additional costs; and the remaining amounts are for
 11 other documented costs by jurisdictions directly impacted by the
 12 placement of the secure community transition facility on McNeil Island.
 13 Pursuant to chapter 12, Laws of 2001, 2nd sp. sess. (3ESSB 6151), the
 14 department shall continue to work with local jurisdictions towards
 15 reaching agreement for mitigation costs.

16 (c) \$924,000 of the general fund--state appropriation for fiscal
 17 year 2004 and \$1,429,000 of the general fund--state appropriation for
 18 fiscal year 2005 are provided solely for operational costs associated
 19 with a less restrictive step-down placement facility located outside of
 20 Pierce county. In selecting a site, the department is encouraged to
 21 purchase or lease a site in an industrial area close to employment
 22 opportunities and treatment services, in an effort to reduce operating
 23 expenditures related to transportation and staff time.

24 (4) SPECIAL PROJECTS

25 General Fund--Federal Appropriation \$2,082,000

26 (5) PROGRAM SUPPORT

27 General Fund--State Appropriation (FY 2004) \$2,863,000

28 General Fund--State Appropriation (FY 2005) \$2,751,000

29 General Fund--Federal Appropriation \$5,011,000

30 TOTAL APPROPRIATION \$10,625,000

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

33 (a) \$113,000 of the general fund--state appropriation for fiscal
 34 year 2004, \$125,000 of the general fund--state appropriation for fiscal
 35 year 2005, and \$164,000 of the general fund--federal appropriation are
 36 provided solely for the institute for public policy to evaluate the

1 impacts of chapter 214, Laws of 1999 (mentally ill offenders), chapter
2 297, Laws of 1998 (commitment of mentally ill persons), and chapter
3 334, Laws of 2001 (mental health performance audit).

4 (b) \$50,000 of the general fund--state appropriation for fiscal
5 year 2004 and \$50,000 of the general fund--federal appropriation are
6 provided solely for a study of the prevalence of mental illness among
7 the state's regional support networks. The study shall examine how
8 reasonable estimates of the prevalence of mental illness relate to the
9 incidence of persons enrolled in medical assistance programs in each
10 regional support network area. In conducting this study, the
11 department shall consult with the joint legislative audit and review
12 committee, regional support networks, community mental health
13 providers, and mental health consumer representatives. The department
14 shall submit a final report on its findings to the fiscal, health care,
15 and human services committees of the legislature by November 1, 2003.

**Sec. 204 was partially vetoed. See message at end of chapter.*

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

18 (1) COMMUNITY SERVICES

19 General Fund--State Appropriation (FY 2004)	\$262,458,000
20 General Fund--State Appropriation (FY 2005)	\$268,826,000
21 General Fund--Federal Appropriation	\$439,489,000
22 Health Services Account--State	
23 Appropriation	\$1,038,000
24 TOTAL APPROPRIATION	\$971,811,000

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

27 (a) Any new funding for family support and high school transition
28 along with a portion of existing funding for these programs shall be
29 provided as supplemental security income (SSI) state supplemental
30 payments for persons with developmental disabilities in families with
31 taxable incomes at or below 150 percent of median family income.
32 Individuals receiving family support or high school transition payments
33 shall not become eligible for medical assistance under RCW 74.09.510
34 due solely to the receipt of SSI state supplemental payments.

35 (b) The health services account appropriation and \$1,038,000 of the
36 general fund--federal appropriation are provided solely for health care
37 benefits for home care workers with family incomes below 200 percent of

1 the federal poverty level who are employed through state contracts for
2 twenty hours per week or more. Premium payments for individual
3 provider home care workers shall be made only to the subsidized basic
4 health plan. Home care agencies may obtain coverage either through the
5 basic health plan or through an alternative plan with substantially
6 equivalent benefits.

7 (c) \$510,000 of the general fund--state appropriation for fiscal
8 year 2004, \$784,000 of the general fund--state appropriation for fiscal
9 year 2005, and \$1,225,000 of the general fund--federal appropriation
10 are provided solely for community residential and support services.
11 Funding in this subsection shall be prioritized for (i) residents of
12 residential habilitation centers who are able to be adequately cared
13 for in community settings and who choose to live in those community
14 settings; and (ii) clients without residential services who are at
15 immediate risk of institutionalization or in crisis. The department
16 shall ensure that the average cost per day for all program services
17 other than start-up costs shall not exceed \$300. The department shall
18 electronically report to the appropriate committees of the legislature,
19 within 45 days following each fiscal year quarter, the number of
20 residents moving into community settings and the actual expenditures
21 for all community services to support those residents.

22 (d) \$511,000 of the general fund--state appropriation for fiscal
23 year 2004, \$616,000 of the general fund--state appropriation for fiscal
24 year 2005, and \$1,073,000 of the general fund--federal appropriation
25 are provided solely for expanded community services for persons with
26 developmental disabilities who also have community protection issues or
27 are diverted or discharged from state psychiatric hospitals. The
28 department shall ensure that the cost per day for all program services
29 other than start-up costs shall not exceed \$300. The department shall
30 electronically report to the appropriate committees of the legislature,
31 within 45 days following each fiscal year quarter, the number of
32 persons served with these additional community services, where they
33 were residing, what kinds of services they were receiving prior to
34 placement, and the actual expenditures for all community services to
35 support these clients.

36 (e) The department may transfer funding provided in this subsection
37 to meet the purposes of subsection (2) of this section to the extent

1 that fewer residents of residential habilitation centers choose to move
2 to community placements than was assumed in this appropriation.

3 (f) \$3,290,000 of the general fund--state appropriation for fiscal
4 year 2004, \$4,773,000 of the general fund--state appropriation for
5 fiscal year 2005, and \$7,504,000 of the general fund--federal
6 appropriation are provided solely for the purpose of providing a wage
7 increase effective October 1, 2003, for individual home care workers
8 providing state-funded services. The amounts in this subsection also
9 include the funds needed for the employer share of unemployment and
10 social security taxes on the amount of the increase.

11 (g) \$355,000 of the general fund--state appropriation for fiscal
12 year 2004, \$517,000 of the general fund--state appropriation for fiscal
13 year 2005, and \$848,000 of the general fund--federal appropriation are
14 provided solely to increase payments to agency home care providers from
15 \$13.44 per hour to \$14.27 per hour effective October 1, 2003. The
16 amounts in this subsection shall be used to increase wages for direct
17 care workers by 75 cents per hour. The amounts in this subsection also
18 include the funds needed for the employer share of unemployment and
19 social security taxes on the amount of the increase.

20 ***(h) The department, in consultation with representatives of***
21 ***community residential service providers and clients served in***
22 ***residential settings, shall review current rules and policies regarding***
23 ***residential services to identify rules that are redundant or***
24 ***unnecessary. The department may modify or repeal rules that are***
25 ***identified as redundant or unnecessary. The department shall report***
26 ***electronically on any rule changes to the appropriate committees of the***
27 ***legislature by July 1, 2004.***

28 (2) INSTITUTIONAL SERVICES

29	General Fund--State Appropriation (FY 2004)	\$71,862,000
30	General Fund--State Appropriation (FY 2005)	\$70,926,000
31	General Fund--Federal Appropriation	\$144,682,000
32	General Fund--Private/Local Appropriation	\$11,228,000
33	TOTAL APPROPRIATION	\$298,698,000

34 The appropriations in this subsection are subject to the following
35 conditions and limitations: The department may transfer funding
36 provided in this subsection to meet the purposes of subsection (1) of
37 this section to the extent that more residents of residential

1 habilitation centers choose to move to community placements than was
2 assumed in this appropriation.

3 (3) PROGRAM SUPPORT

4	General Fund--State Appropriation (FY 2004)	\$2,245,000
5	General Fund--State Appropriation (FY 2005)	\$2,245,000
6	General Fund--Federal Appropriation	\$2,965,000
7	Telecommunications Devices for the Hearing and	
8	Speech Impaired Account Appropriation	\$1,782,000
9	TOTAL APPROPRIATION	\$9,237,000

10 (4) SPECIAL PROJECTS

11	General Fund--Federal Appropriation	\$11,993,000
	<i>*Sec. 205 was partially vetoed. See message at end of chapter.</i>	

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

14	General Fund--State Appropriation (FY 2004)	\$557,645,000
15	General Fund--State Appropriation (FY 2005)	\$570,669,000
16	General Fund--Federal Appropriation	\$1,162,511,000
17	General Fund--Private/Local Appropriation	\$18,644,000
18	Health Services Account--State	
19	Appropriation	\$4,888,000
20	TOTAL APPROPRIATION	\$2,314,357,000

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

23 (1) The entire health services account appropriation, \$1,476,000 of
24 the general fund--state appropriation for fiscal year 2004, \$1,476,000
25 of the general fund--state appropriation for fiscal year 2005, and
26 \$7,284,000 of the general fund--federal appropriation are provided
27 solely for health care benefits for home care workers who are employed
28 through state contracts for at least twenty hours per week. Premium
29 payments for individual provider home care workers shall be made only
30 to the subsidized basic health plan, and only for persons with incomes
31 below 200 percent of the federal poverty level. Home care agencies may
32 obtain coverage either through the basic health plan or through an
33 alternative plan with substantially equivalent benefits.

34 (2) \$1,768,000 of the general fund--state appropriation for fiscal
35 year 2004 and \$1,768,000 of the general fund--state appropriation for

1 fiscal year 2005 are provided solely for operation of the volunteer
2 chore services program.

3 (3) For purposes of implementing chapter 74.46 RCW, the weighted
4 average nursing facility payment rate shall be no more than \$144.54 for
5 fiscal year 2004, and no more than \$147.43 for fiscal year 2005. For
6 all facilities, the direct care, therapy care, support services, and
7 operations component rates established in accordance with chapter 74.46
8 RCW shall be adjusted for economic trends and conditions by 3.0 percent
9 effective July 1, 2003.

10 (4) In accordance with chapter 74.46 RCW, the department shall
11 issue certificates of capital authorization that result in up to \$32
12 million of increased asset value completed and ready for occupancy in
13 fiscal year 2004; up to \$32 million of increased asset value completed
14 and ready for occupancy in fiscal year 2005; and up to \$32 million of
15 increased asset value completed and ready for occupancy in fiscal year
16 2006.

17 (5) Adult day health services shall not be considered a duplication
18 of services for persons receiving care in long-term care settings
19 licensed under chapter 18.20, 72.36, or 70.128 RCW.

20 (6) In accordance with chapter 74.39 RCW, the department may
21 implement a medicaid waiver program for persons who do not qualify for
22 such services as categorically needy, subject to federal approval and
23 the following conditions and limitations:

24 (a) The waiver program shall include coverage of care in community
25 residential facilities. Enrollment in the waiver shall not exceed 600
26 persons by the end of fiscal year 2004, nor 600 persons by the end of
27 fiscal year 2005.

28 (b) The department shall identify the number of medically needy
29 nursing home residents, and enrollment and expenditures on the
30 medically needy waiver, on monthly management reports.

31 (c) The department shall track and electronically report to health
32 care and fiscal committees of the legislature by November 15, 2004, on
33 the types of long-term care support a sample of waiver participants
34 were receiving prior to their enrollment in the waiver, how those
35 services were being paid for, and an assessment of their adequacy.

36 (7) \$118,000 of the general fund--state appropriation for fiscal
37 year 2004, \$118,000 of the general fund--state appropriation for fiscal
38 year 2005, and \$236,000 of the general fund--federal appropriation are

1 provided solely for the department to assess at least annually each
2 elderly resident residing in residential habilitation centers and
3 state-operated living alternatives to determine if the resident can be
4 more appropriately served in a less restrictive setting.

5 (a) The department shall consider the proximity to the resident of
6 the family, friends, and advocates concerned with the resident's
7 well-being in determining whether the resident should be moved from a
8 residential habilitation center to a different facility or program.

9 (b) In assessing an elderly resident under this section and to
10 ensure appropriate placement, the department shall identify the special
11 needs of the resident, the types of services that will best meet those
12 needs, and the type of facility that will best provide those services.

13 (c) The appropriate interdisciplinary team shall conduct the
14 evaluation.

15 (d) If appropriate, the department shall coordinate with the local
16 mental health authority.

17 (e) The department may explore whether an enhanced rate is needed
18 to serve this population.

19 (8) Within funds appropriated in this section, the department may
20 assess nursing facility residents with Alzheimer's disease or related
21 dementias to determine whether such residents can be more appropriately
22 served in licensed boarding home facilities that specialize in caring
23 for such conditions. The department may, based upon the assessments
24 and within existing funds, pay dementia pilot project rates on behalf
25 of up to 200 additional persons with Alzheimer's disease or related
26 dementias who move from nursing facilities to specialized boarding
27 homes.

28 (9) The department shall establish waiting lists to the extent
29 necessary to assure that annual expenditures on the community options
30 program entry systems (COPES) program do not exceed appropriated
31 levels. In establishing and managing any such waiting list, the
32 department shall assure priority access to persons with the greatest
33 unmet needs, as determined by department assessment processes.

34 (10) \$7,102,000 of the general fund--state appropriation for fiscal
35 year 2004, \$10,065,000 of the general fund--state appropriation for
36 fiscal year 2005, and \$17,029,000 of the general fund--federal
37 appropriation are provided solely for the purpose of providing a wage
38 increase effective October 1, 2003, for individual home care workers

1 providing state-funded services. The amounts in this subsection also
2 include the funds needed for the employer share of unemployment and
3 social security taxes on the amount of the increase.

4 (11) \$2,219,000 of the general fund--state appropriation for fiscal
5 year 2004, \$3,192,000 of the general fund--state appropriation for
6 fiscal year 2005, and \$5,263,000 of the general fund--federal
7 appropriation are provided solely to increase payments to agency home
8 care providers from \$13.44 per hour to \$14.27 per hour effective
9 October 1, 2003. The amounts in this subsection shall be used to
10 increase wages for direct care workers by 75 cents per hour. The
11 amounts in this subsection also include the funds needed for the
12 employer share of unemployment and social security taxes on the amount
13 of the increase.

14 NEW SECTION. **Sec. 207. FOR THE DEPARTMENT OF SOCIAL AND HEALTH**
15 **SERVICES--ECONOMIC SERVICES PROGRAM**

16	General Fund--State Appropriation (FY 2004)	\$408,184,000
17	General Fund--State Appropriation (FY 2005)	\$407,363,000
18	General Fund--Federal Appropriation	\$1,209,758,000
19	General Fund--Private/Local Appropriation	\$33,880,000
20	TOTAL APPROPRIATION	\$2,059,185,000

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

23 (1) \$273,652,000 of the general fund--state appropriation for
24 fiscal year 2004, \$273,695,000 of the general fund--state appropriation
25 for fiscal year 2005, and \$1,000,222,000 of the general fund--federal
26 appropriation are provided solely for all components of the WorkFirst
27 program. Within the amounts provided for the WorkFirst program, the
28 department shall:

29 (a) Continue to implement WorkFirst program improvements that are
30 designed to achieve progress against outcome measures specified in RCW
31 74.08A.410. Valid outcome measures of job retention and wage
32 progression shall be developed and reported quarterly to appropriate
33 fiscal and policy committees of the legislature for families who leave
34 assistance, measured after 12 months, 24 months, and 36 months. The
35 department shall also report the percentage of families who have
36 returned to temporary assistance for needy families after 12 months, 24
37 months, and 36 months;

1 (b) Submit a report by October 1, 2003, to the fiscal committees of
2 the legislature containing a spending plan for the WorkFirst program.
3 The plan shall identify how spending levels in the 2003-2005 biennium
4 will be adjusted to stay within available federal grant levels and the
5 appropriated state-fund levels; and

6 (c) Include an urban adjustment factor for child care providers in
7 urban areas of region 1.

8 (2) \$45,639,000 of the general fund--state appropriation for fiscal
9 year 2004 and \$39,335,000 of the general fund--state appropriation for
10 fiscal year 2005 are provided solely for cash assistance and other
11 services to recipients in the general assistance--unemployable program.
12 Within these amounts, the department may expend funds for services that
13 assist recipients to reduce their dependence on public assistance,
14 provided that expenditures for these services and cash assistance do
15 not exceed the funds provided.

16 (3) \$1,436,000 of the general fund--state appropriation for fiscal
17 year 2004 and \$1,436,000 of the general fund--state appropriation for
18 fiscal year 2005 are provided for the department to assist in
19 naturalization efforts for legal aliens whose eligibility for federal
20 supplemental security income has expired. The department shall use
21 funding previously spent on general assistance employment supports for
22 these naturalization services.

23 (4) \$3,940,000 of the general fund--state appropriation for fiscal
24 year 2004 and \$3,940,000 of the general fund--state appropriation for
25 fiscal year 2005 are provided solely for the food assistance program
26 for legal immigrants. The level of benefits shall be equivalent to the
27 benefits provided by the federal food stamp program.

28 (5) \$9,142,000 of the general fund--federal appropriation is
29 provided solely for increased reimbursement of county legal-clerk
30 services for child support enforcement. The department shall ensure
31 this increase in cost does not reduce federal incentive payments.

32 (6) In reviewing the budget for the division of child support, the
33 legislature has conducted a review of the Washington state child
34 support schedule, chapter 26.19 RCW, and supporting documentation as
35 required by federal law. The legislature concludes that the
36 application of the support schedule continues to result in the correct
37 amount of child support to be awarded. No further changes will be made
38 to the support schedule or the economic table at this time.

1 NEW SECTION. **Sec. 208. FOR THE DEPARTMENT OF SOCIAL AND HEALTH**

2 **SERVICES--ALCOHOL AND SUBSTANCE ABUSE PROGRAM**

3	General Fund--State Appropriation (FY 2004)	\$40,320,000
4	General Fund--State Appropriation (FY 2005)	\$40,320,000
5	General Fund--Federal Appropriation	\$90,632,000
6	General Fund--Private/Local Appropriation	\$630,000
7	Public Safety and Education Account--State	
8	Appropriation	\$7,160,000
9	Criminal Justice Treatment Account--State	
10	Appropriation	\$8,950,000
11	Violence Reduction and Drug Enforcement Account--	
12	State Appropriation	\$44,342,000
13	TOTAL APPROPRIATION	\$232,354,000

14 The appropriations in this section are subject to the following
15 conditions and limitations: \$966,197 of the general fund--state
16 appropriation for fiscal year 2004 and \$966,197 of the general fund--
17 state appropriation for fiscal year 2005 are provided solely for the
18 parent child assistance program. The department shall contract with
19 the University of Washington and community-based providers in Spokane
20 and Yakima for the provision of this program. For all contractors,
21 indirect charges for administering the program shall not exceed ten
22 percent of the total contract amount.

23 *NEW SECTION. **Sec. 209. FOR THE DEPARTMENT OF SOCIAL AND HEALTH**

24 **SERVICES--MEDICAL ASSISTANCE PROGRAM**

25	General Fund--State Appropriation (FY 2004)	\$1,184,774,000
26	General Fund--State Appropriation (FY 2005)	\$1,265,423,000
27	General Fund--Federal Appropriation	\$3,764,258,000
28	General Fund--Private/Local Appropriation	\$262,736,000
29	Emergency Medical Services and Trauma Care Systems	
30	Trust Account--State Appropriation	\$23,700,000
31	Health Services Account--State Appropriation	\$756,012,000
32	TOTAL APPROPRIATION	\$7,256,903,000

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

- 35 (1) Based on quarterly expenditure reports and caseload forecasts,
36 if the department estimates that expenditures for the medical
37 assistance program will exceed the appropriations, the department shall

1 take steps including but not limited to reduction of rates or
2 elimination of optional services to reduce expenditures so that total
3 program costs do not exceed the annual appropriation authority.

4 (2) The department shall continue to extend medicaid eligibility to
5 children through age 18 residing in households with incomes below 200
6 percent of the federal poverty level.

7 (3) In determining financial eligibility for medicaid-funded
8 services, the department is authorized to disregard recoveries by
9 Holocaust survivors of insurance proceeds or other assets, as defined
10 in RCW 48.104.030.

11 (4) \$999,000 of the health services account appropriation for
12 fiscal year 2004, \$1,519,000 of the health services account
13 appropriation for fiscal year 2005, and \$2,142,000 of the general
14 fund--federal appropriation are provided solely for implementation of
15 a "ticket to work" medicaid buy-in program for working persons with
16 disabilities, operated in accordance with the following conditions:

17 (a) To be eligible, a working person with a disability must have
18 total income which is less than 450 percent of poverty;

19 (b) Participants shall participate in the cost of the program by
20 paying (i) a monthly enrollment fee equal to fifty percent of any
21 unearned income in excess of the medicaid medically needy standard; and
22 (ii) a monthly premium equal to 5 percent of all unearned income, plus
23 5 percent of all earned income after disregarding the first sixty-five
24 dollars of monthly earnings, and half the remainder;

25 (c) The department shall establish more restrictive eligibility
26 standards than specified in this subsection to the extent necessary to
27 operate the program within appropriated funds; and

28 (d) The department may require point-of-service copayments as
29 appropriate, except that copayments shall not be so high as to
30 discourage appropriate service utilization, particularly of
31 prescription drugs needed for the treatment of psychiatric conditions.

32 (5) Sufficient funds are appropriated in this section for the
33 department to continue podiatry services for medicaid-eligible adults.

34 (6) Sufficient funds are appropriated in this section for the
35 department to provide an adult dental benefit equivalent to
36 approximately 75 percent of the dental benefit provided during the
37 2001-03 biennium. The department shall establish the scope of services

1 to be provided within the available funds in consultation with dental
2 providers and consumer representatives.

3 (7) The legislature reaffirms that it is in the state's interest
4 for Harborview medical center to remain an economically viable
5 component of the state's health care system.

6 (8) In accordance with RCW 74.46.625, \$52,057,000 of the fiscal
7 year 2004 health services account appropriation, \$35,016,000 of the
8 fiscal year 2005 health services account appropriation, and \$87,074,000
9 of the general fund--federal appropriation are provided solely for
10 supplemental payments to nursing homes operated by rural public
11 hospital districts. The payments shall be conditioned upon (a) a
12 contractual commitment by the association of public hospital districts
13 and participating rural public hospital districts to make an
14 intergovernmental transfer to the state treasurer, for deposit into the
15 health services account, equal to at least 94.5 percent of the
16 supplemental payments; (b) a contractual commitment by the association
17 of public hospital districts to return at least 5.5 percent of the
18 supplemental payments to the participating rural hospital districts;
19 and (c) a contractual commitment by the participating districts to not
20 allow expenditures covered by the supplemental payments to be used for
21 medicaid nursing home rate setting. A hospital which does not
22 participate in the supplemental payment intergovernmental transfer
23 budgeted for fiscal year 2003 shall not be eligible to participate in
24 the supplemental payments budgeted in this subsection for fiscal years
25 2004 and 2005. The participating districts shall retain no more than
26 a total of \$9,600,000 for the 2003-05 biennium.

27 (9) \$14,616,000 of the health services account appropriation for
28 fiscal year 2004, \$12,394,000 of the health services account
29 appropriation for fiscal year 2005, and \$27,010,000 of the general
30 fund--federal appropriation are provided solely for additional
31 disproportionate share and medicare upper payment limit payments to
32 public hospital districts and to the state's teaching hospitals. The
33 payments shall be conditioned upon a contractual commitment by the
34 participating public hospitals to make an intergovernmental transfer to
35 the health services account equal to at least 91 percent of the
36 additional payments. The state's teaching hospitals shall retain at
37 least 28 percent of the amounts retained by hospitals under these

1 programs, or the maximum allowable under the teaching hospitals' limits
2 as established under federal rule, whichever is less.

3 (10) \$3,100,000 of the health services account appropriation,
4 \$8,416,000 of the general fund--local appropriation, and \$11,516,000 of
5 the general fund--federal appropriation are provided solely for grants
6 to rural hospitals. The department shall distribute the funds under a
7 formula that provides a relatively larger share of the available
8 funding to hospitals that (a) serve a disproportionate share of low-
9 income and medically indigent patients and (b) have relatively smaller
10 net financial margins, to the extent allowed by the federal medicaid
11 program.

12 (11) \$26,080,000 of the health services account appropriation and
13 \$26,080,000 of the general fund--federal appropriation are provided
14 solely for grants to nonrural hospitals. The department shall
15 distribute the funds under a formula that provides a relatively larger
16 share of the available funding to hospitals that (a) serve a
17 disproportionate share of low-income and medically indigent patients
18 and (b) have relatively smaller net financial margins, to the extent
19 allowed by the federal medicaid program.

20 ***(12) The department shall separately track the total amount of any***
21 ***rebates obtained from drug manufacturers that are supplemental to the***
22 ***amounts required by federal law. The department shall report to the***
23 ***fiscal committees of the house of representatives and senate by January***
24 ***15, 2004, and by January 15, 2005, on supplemental rebates negotiated***
25 ***to date, and their projected value through the end of the current and***
26 ***the next succeeding fiscal year. The report shall include options for***
27 ***using any rebate amounts in excess of those assumed in this budget to***
28 ***increase pharmacy reimbursement rates.***

29 (13) \$156,000 of the general fund--state appropriation for fiscal
30 year 2004 and \$1,403,000 of the general fund--federal appropriation are
31 provided solely for a study to assess alternatives for replacing the
32 existing medicaid management information system. The department shall
33 report to the information services board and to the fiscal committees
34 of the legislature by December 1, 2003, on the anticipated costs and
35 benefits of the major alternative approaches.

36 (14) The department shall implement a combination of cost
37 containment and utilization strategies sufficient to reduce general
38 fund--state costs for durable medical equipment and supplies in fiscal

1 year 2005 by approximately 5 percent below the level projected for
2 fiscal year 2005 in the February 2003 forecast. In designing
3 strategies, the primary strategy considered shall be selective or
4 direct contracting with durable medical equipment and supplies vendors
5 or manufacturers.

6 (15) The department shall, within available resources, design and
7 implement a medical care services care management pilot project for
8 clients receiving general assistance benefits. The pilot project shall
9 be operated in at least two of the counties with the highest
10 concentration of general assistance clients, and may use a full or
11 partial capitation model. In designing the project, the department
12 shall consult with the mental health division and its managed care
13 contractors that include community and migrant health centers in their
14 provider network. The pilot project shall be designed to maximize care
15 coordination, high-risk medical management, and chronic care management
16 to achieve better health outcomes. The pilot project shall begin
17 enrollment on July 1, 2004.

18 (16) Within available resources and to the extent possible, the
19 department shall evaluate and pilot a nurse consultant services program
20 to assist fee-for-service clients in accessing medical information,
21 with the goal of reducing administrative burdens on physicians and
22 unnecessary emergency room utilization.

23 (17) The department shall include in any pending medicaid reform
24 section 1115 waiver application, or in any existing section 1115
25 waiver, a request for authorization to provide optional medicaid
26 services that have been eliminated in this act to American Indian and
27 Alaska Native persons as defined in relevant federal law who are
28 eligible for medicaid only to the extent that such services are
29 provided through the American Indian health system and are financed
30 with one hundred percent federal medicaid matching funds.

31 (18) The department shall establish managed care rates within
32 available funds, giving specific consideration to each plan's
33 programmatic and financial performance, and ability to assure access in
34 under-served areas.

35 (19) The department of social and health services, the office of
36 the superintendent of public instruction, and the department of health
37 should jointly identify opportunities for early intervention and
38 prevention activities that can help prevent disease and reduce oral

1 health issues among children. Disease prevention among infants at the
2 age of one year and among children entering the K-12 education system
3 provides cost-effective ways to avoid higher health care spending later
4 in life.

5 (20) The department shall secure a federal waiver, effective no
6 later than September 1, 2003, which will enable it to charge co-
7 premiums for medical and dental coverage of children whose family
8 incomes exceed the federal poverty level.

9 (21) For purposes of RCW 74.09.800(2), \$9,549,000 of the general
10 fund--state appropriation for fiscal year 2004, \$10,779,000 of the
11 general fund--state appropriation for fiscal year 2005, and \$37,753,000
12 of the general fund--federal appropriation are provided solely to
13 provide prenatal care services to low-income women who are not eligible
14 to receive such services under the medical assistance program, Title
15 XIX of the federal social security act. If the department is unable to
16 secure federal matching funds under Title XXI of the social security
17 act, the department shall take all actions necessary to manage the
18 program within these appropriated levels.

**Sec. 209 was partially vetoed. See message at end of chapter.*

19 NEW SECTION. **Sec. 210. FOR THE DEPARTMENT OF SOCIAL AND HEALTH**
20 **SERVICES--VOCATIONAL REHABILITATION PROGRAM**

21	General Fund--State Appropriation (FY 2004)	\$10,180,000
22	General Fund--State Appropriation (FY 2005)	\$10,202,000
23	General Fund--Federal Appropriation	\$85,803,000
24	General Fund--Local Appropriation	\$440,000
25	TOTAL APPROPRIATION	\$106,625,000

26 NEW SECTION. **Sec. 211. FOR THE DEPARTMENT OF SOCIAL AND HEALTH**
27 **SERVICES--ADMINISTRATION AND SUPPORTING SERVICES PROGRAM**

28	General Fund--State Appropriation (FY 2004)	\$35,926,000
29	General Fund--State Appropriation (FY 2005)	\$25,968,000
30	General Fund--Federal Appropriation	\$45,752,000
31	General Fund--Private/Local Appropriation	\$810,000
32	TOTAL APPROPRIATION	\$108,456,000

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

35 (1) \$467,000 of the general fund--state appropriation for fiscal
36 year 2004, \$769,000 of the general fund--state appropriation for fiscal

1 year 2005, and \$1,236,000 of the general fund--federal appropriation
2 are provided solely for transition costs associated with the downsizing
3 effort at Fircrest school. The department shall organize the
4 downsizing effort so as to minimize disruption to clients, employees,
5 and the developmental disabilities program. The employees responsible
6 for the downsizing effort shall report to the assistant secretary of
7 the aging and disability services administration. Within the funds
8 provided in this subsection, the department shall:

9 (a) Determine appropriate ways to maximize federal reimbursement
10 during the downsizing process;

11 (b) Meet and confer with representatives of affected employees on
12 how to assist employees who need help to relocate to other state jobs
13 or to transition to private sector positions;

14 (c) Review opportunities for state employees to continue caring for
15 clients by assisting them in developing privately operated community
16 residential alternatives. In conducting the review, the department
17 will examine efforts in this area pursued by other states as part of
18 institutional downsizing efforts;

19 (d) Keep appropriate committees of the legislature apprised,
20 through regular reports and periodic e-mail updates, of the development
21 of and revisions to the work plan regarding this downsizing effort; and

22 (e) Provide a preliminary transition plan to the fiscal and policy
23 committees of the legislature by January 1, 2004. The transition plan
24 shall include recommendations on ways to continue to provide some of
25 the licensed professional services offered at Fircrest school to
26 clients being served in community settings.

27 (2) \$10,000,000 of the general fund--state appropriation for fiscal
28 year 2004 is provided solely for one-time expenditures needed to meet
29 the federally required level for state supplemental payments (SSP).
30 The department shall transfer appropriate portions of this amount to
31 other programs within the agency to accomplish this purpose. The
32 department shall not initiate new services with this funding that will
33 cause total future SSP expenditures to exceed the required annual
34 maintenance-of-effort level.

35 **NEW SECTION. Sec. 212. FOR THE DEPARTMENT OF SOCIAL AND HEALTH**
36 **SERVICES--PAYMENTS TO OTHER AGENCIES PROGRAM**

37 General Fund--State Appropriation (FY 2004) \$42,011,000

1	General Fund--State Appropriation (FY 2005)	\$42,011,000
2	General Fund--Federal Appropriation	\$41,994,000
3	TOTAL APPROPRIATION	\$126,016,000

4 NEW SECTION. **Sec. 213. FOR THE STATE HEALTH CARE AUTHORITY**

5 State Health Care Authority Administrative

6	Account--State Appropriation	\$17,665,000
7	Health Services Account--State Appropriation	\$415,459,000
8	General Fund--Federal Appropriation	\$3,307,000
9	Medical Aid Account--State Appropriation	\$128,000
10	TOTAL APPROPRIATION	\$436,559,000

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

13 (1) \$6,000,000 of the health services account--state appropriation
14 is provided solely to increase the number of persons not eligible for
15 medicaid receiving dental care from nonprofit community clinics, and
16 for interpreter services to support dental and medical services for
17 persons for whom interpreters are not available from any other source.

18 (2) In order to maximize the number of enrollees who can be
19 supported within appropriated amounts, the health care authority is
20 directed to make modifications that will reduce the actuarial value of
21 the basic health plan benefit by approximately 18 percent effective
22 January 1, 2004. Modifications may include changes in enrollee premium
23 obligations, enrollee cost-sharing, benefits, and incentives to access
24 preventative services. To the extent that additional actions are
25 needed in order to operate within appropriated funds, new enrollments
26 to the program shall be limited in a manner consistent with the
27 authority's September 6, 2001, administrative policy on basic health
28 plan enrollment management.

29 (3) Within funds appropriated in this section and sections 205 and
30 206 of this act, the health care authority shall continue to provide an
31 enhanced basic health plan subsidy for foster parents licensed under
32 chapter 74.15 RCW and workers in state-funded home care programs.
33 Under this enhanced subsidy option, foster parents and home care
34 workers with family incomes below 200 percent of the federal poverty
35 level shall be allowed to enroll in the basic health plan at the
36 minimum premium amount charged to enrollees with incomes below sixty-
37 five percent of the federal poverty level.

1 (4) The health care authority shall require organizations and
2 individuals which are paid to deliver basic health plan services and
3 which choose to sponsor enrollment in the subsidized basic health plan
4 to pay 133 percent of the premium amount which would otherwise be due
5 from the sponsored enrollees.

6 (5) The administrator shall take at least the following actions to
7 assure that persons participating in the basic health plan are eligible
8 for the level of assistance they receive: (a) Require submission of
9 income tax returns, and recent pay history, from all applicants; (b)
10 check employment security payroll records at least once every twelve
11 months on all enrollees; (c) require enrollees whose income as
12 indicated by payroll records exceeds that upon which their subsidy is
13 based to document their current income as a condition of continued
14 eligibility; (d) require enrollees for whom employment security payroll
15 records cannot be obtained to document their current income at least
16 once every six months; (e) not reduce gross family income for self-
17 employed persons by noncash-flow expenses such as, but not limited to,
18 depreciation, amortization, and home office deductions, as defined by
19 the United States internal revenue service; and (f) pursue repayment
20 and civil penalties from persons who have received excessive subsidies,
21 as provided in RCW 70.47.060(9).

22 (6) To decrease administrative burdens for providers and plans
23 participating in state purchased health care programs, the
24 administrator, the assistant secretary for the medical assistance
25 administration of the department of social and health services, and the
26 director of the department of labor and industries, in collaboration
27 with health carriers, health care providers, and the office of the
28 insurance commissioner shall, within available resources:

29 (a) Improve the timeliness of claims processing and the
30 distribution of medical assistance program fee schedules, and more
31 clearly define the scope of coverage under managed care contracts;

32 (b) Improve the capacity for electronic billing and claims
33 submission and provide electronic access to eligibility, benefits, and
34 exclusion information;

35 (c) Develop clear audit and data requirements for contracting
36 managed health care plans and improve consistency between claims
37 processing and published fee schedules;

(d) Conform billing codes with providers and between agencies with national and regional standards wherever possible; and

(e) Take steps to implement cost-effective measures pursuant to this section by December 2004, and on or before December 1, 2003, provide a progress report to the relevant policy and fiscal committees of the legislature on the feasibility of implementation and any fiscal constraints or regulatory or statutory barriers.

NEW SECTION. Sec. 214. FOR THE HUMAN RIGHTS COMMISSION

General Fund--State Appropriation (FY 2004)	\$2,368,000
General Fund--State Appropriation (FY 2005)	\$2,407,000
General Fund--Federal Appropriation	\$1,509,000
General Fund--Private/Local Appropriation	\$100,000
TOTAL APPROPRIATION	\$6,384,000

NEW SECTION. Sec. 215. FOR THE BOARD OF INDUSTRIAL INSURANCE APPEALS

Worker and Community Right-to-Know Account--State	
Appropriation	\$20,000
Accident Account--State Appropriation	\$15,065,000
Medical Aid Account--State Appropriation	\$15,064,000
TOTAL APPROPRIATION	\$30,149,000

NEW SECTION. Sec. 216. FOR THE CRIMINAL JUSTICE TRAINING COMMISSION

Municipal Criminal Justice Assistance Account--	
Local Appropriation	\$460,000
Death Investigations Account--State	
Appropriation	\$148,000
Public Safety and Education Account--State	
Appropriation	\$18,078,000
TOTAL APPROPRIATION	\$18,686,000

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

(1) \$124,000 of the public safety and education account appropriation is provided solely to allow the Washington association of sheriffs and police chiefs to increase the technical and training

1 support provided to the local criminal justice agencies on the new
2 incident-based reporting system and the national incident-based
3 reporting system.

4 (2) \$136,000 of the public safety and education account
5 appropriation is provided solely to allow the Washington association of
6 prosecuting attorneys to enhance the training provided to criminal
7 justice personnel.

8 (3) \$65,000 of the public safety and education account
9 appropriation is provided solely for regionalized training programs for
10 school district and local law enforcement officials on school safety
11 issues.

12 (4) \$250,000 of the public safety and education account
13 appropriation is provided solely to the Washington association of
14 sheriffs and police chiefs for staffing and support of a web site to
15 provide information about sex offenders.

16 ***NEW SECTION. Sec. 217. FOR THE DEPARTMENT OF LABOR AND**
17 **INDUSTRIES**

18	General Fund--State Appropriation (FY 2004)	\$5,863,000
19	General Fund--State Appropriation (FY 2005)	\$5,860,000
20	Public Safety and Education Account--State	
21	Appropriation	\$22,391,000
22	Public Safety and Education Account--Federal	
23	Appropriation	\$8,462,000
24	Asbestos Account--State Appropriation	\$693,000
25	Electrical License Account--State	
26	Appropriation	\$28,966,000
27	Farm Labor Revolving Account--Private/Local	
28	Appropriation	\$28,000
29	Worker and Community Right-to-Know Account--State	
30	Appropriation	\$2,544,000
31	Public Works Administration Account--State	
32	Appropriation	\$2,411,000
33	Accident Account--State Appropriation	\$187,843,000
34	Accident Account--Federal Appropriation	\$13,396,000
35	Medical Aid Account--State Appropriation	\$186,724,000
36	Medical Aid Account--Federal Appropriation	\$2,960,000
37	Plumbing Certificate Account--State	

1	Appropriation	\$1,451,000
2	Pressure Systems Safety Account--State	
3	Appropriation	\$2,807,000
4	TOTAL APPROPRIATION	\$472,399,000

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

7 (1) Pursuant to RCW 7.68.015, the department shall operate the
8 crime victims compensation program within the public safety and
9 education account funds appropriated in this section. In the event
10 that cost containment measures are necessary, the department may (a)
11 institute copayments for services; (b) develop preferred provider
12 contracts; or (c) implement other cost containment measures. Cost
13 containment measures shall not include holding invoices received in one
14 fiscal period for payment from appropriations in subsequent fiscal
15 periods. No more than \$5,248,000 of the public safety and education
16 account appropriation shall be expended for department administration
17 of the crime victims compensation program.

18 (2) \$90,000 of the electrical license account--state appropriation
19 and \$206,000 of the plumbing certificate account--state appropriation
20 are provided solely to implement Engrossed Substitute Senate Bill No.
21 5713 (electrical contractors). If the bill is not enacted by June 30,
22 2003, the amounts provided in this subsection shall lapse.

23 (3) \$378,000 of the accident account--state appropriation is
24 provided solely for the purpose of contracting with medical
25 laboratories, health care providers, and other appropriate entities to
26 provide cholinesterase medical monitoring of farm workers who handle
27 cholinesterase-inhibiting pesticides, and to collect and analyze data
28 related to such monitoring.

**Sec. 217 was partially vetoed. See message at end of chapter.*

29 **NEW SECTION. Sec. 218. FOR THE INDETERMINATE SENTENCE REVIEW**
30 **BOARD**

31	General Fund--State Appropriation (FY 2004)	\$980,000
32	General Fund--State Appropriation (FY 2005)	\$980,000
33	TOTAL APPROPRIATION	\$1,960,000

34 **NEW SECTION. Sec. 219. FOR THE DEPARTMENT OF VETERANS AFFAIRS**

35 (1) HEADQUARTERS

36	General Fund--State Appropriation (FY 2004)	\$1,527,000
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1	General Fund--State Appropriation (FY 2005)	\$1,528,000
2	Charitable, Educational, Penal, and Reformatory	
3	Institutions Account--State	
4	Appropriation	\$11,000
5	TOTAL APPROPRIATION	\$3,066,000

6 (2) FIELD SERVICES

7	General Fund--State Appropriation (FY 2004)	\$2,579,000
8	General Fund--State Appropriation (FY 2005)	\$2,579,000
9	General Fund--Federal Appropriation	\$309,000
10	General Fund--Private/Local Appropriation	\$1,668,000
11	TOTAL APPROPRIATION	\$7,135,000

12 (3) INSTITUTIONAL SERVICES

13	General Fund--State Appropriation (FY 2004)	\$7,473,000
14	General Fund--State Appropriation (FY 2005)	\$5,890,000
15	General Fund--Federal Appropriation	\$27,207,000
16	General Fund--Private/Local Appropriation	\$27,822,000
17	TOTAL APPROPRIATION	\$68,392,000

18 NEW SECTION. **Sec. 220. FOR THE HOME CARE QUALITY AUTHORITY**

19	General Fund--State Appropriation (FY 2004)	\$412,000
20	General Fund--State Appropriation (FY 2005)	\$259,000
21	TOTAL APPROPRIATION	\$671,000

22 The appropriations in this section are subject to the following

23 conditions and limitations:

24 (1) \$150,000 of the general fund--state appropriation for fiscal

25 year 2004 is provided solely for the design and development of the home

26 care provider registry mandated by Initiative Measure No. 775.

27 (2) Pursuant to RCW 74.39A.300(1), the legislature rejects the

28 collective bargaining agreement entered into by the home care quality

29 authority and the exclusive bargaining representative of individual

30 providers under chapter 74.39A RCW (Initiative Measure No. 775).

31 NEW SECTION. **Sec. 221. FOR THE DEPARTMENT OF HEALTH**

32	General Fund--State Appropriation (FY 2004)	\$58,143,000
33	General Fund--State Appropriation (FY 2005)	\$60,224,000
34	Health Services Account--State Appropriation	\$34,289,000
35	General Fund--Federal Appropriation	\$348,897,000

1	General Fund--Private/Local Appropriation	\$93,601,000
2	Hospital Commission Account--State	
3	Appropriation	\$2,490,000
4	Health Professions Account--State	
5	Appropriation	\$40,097,000
6	Emergency Medical Services and Trauma Care Systems	
7	Trust Account--State Appropriation	\$12,558,000
8	Safe Drinking Water Account--State	
9	Appropriation	\$2,728,000
10	Drinking Water Assistance Account--Federal	
11	Appropriation	\$13,498,000
12	Waterworks Operator Certification--State	
13	Appropriation	\$633,000
14	Water Quality Account--State Appropriation	\$3,359,000
15	Accident Account--State Appropriation	\$258,000
16	Medical Aid Account--State Appropriation	\$46,000
17	State Toxics Control Account--State	
18	Appropriation	\$2,761,000
19	Medical Test Site Licensure Account--State	
20	Appropriation	\$1,718,000
21	Youth Tobacco Prevention Account--State	
22	Appropriation	\$1,806,000
23	Tobacco Prevention and Control Account--State	
24	Appropriation	\$52,510,000
25	TOTAL APPROPRIATION	\$729,616,000

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

28 (1) The department or any successor agency is authorized to raise
29 existing fees charged for health care assistants, commercial shellfish
30 paralytic shellfish poisoning, commercial shellfish licenses, and
31 newborn screening programs, in excess of the fiscal growth factor
32 established by Initiative Measure No. 601, if necessary, to meet the
33 actual costs of conducting business and the appropriation levels in
34 this section.

35 (2) \$1,337,000 of the general fund--state fiscal year 2004
36 appropriation and \$1,338,000 of the general fund--state fiscal year
37 2005 appropriation are provided solely for the implementation of the

1 Puget Sound water work plan and agency action items, DOH-01, DOH-02,
2 DOH-03, and DOH-04.

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

19 (4) \$21,650,000 of the health services account--state appropriation
20 is provided solely for the state's program of universal access to
21 essential childhood vaccines. The department shall utilize all
22 available federal funding before expenditure of these funds.

23 (5) \$2,984,000 of the general fund--local appropriation is provided
24 solely for development and implementation of an internet-based system
25 for preparing and retrieving death certificates as provided in
26 Substitute Senate Bill No. 5545 (chapter 241, Laws of 2003, web-based
27 vital records).

28 (6) The department of social and health services, the office of the
29 superintendent of public instruction, and the department of health
30 should jointly identify opportunities for early intervention and
31 prevention activities that can help prevent disease and reduce oral
32 health issues among children. Disease prevention among infants at the
33 age of one year and among children entering the K-12 education system
34 provides cost-effective ways to avoid higher health care spending later
35 in life.

36 (7) \$92,000 of the general fund--state appropriation for fiscal
37 year 2004, \$19,000 of the general fund--state appropriation for fiscal
38 year 2005, and \$987,000 of the general fund--local appropriation are

1 provided solely for implementation of Substitute House Bill No. 1338
2 (municipal water rights). If Substitute House Bill No. 1338 is not
3 enacted by June 30, 2003, the amounts provided in this subsection shall
4 lapse.

5 NEW SECTION. **Sec. 222. FOR THE DEPARTMENT OF CORRECTIONS**

6 (1) ADMINISTRATION AND SUPPORT SERVICES

7	General Fund--State Appropriation (FY 2004)	\$38,317,000
8	General Fund--State Appropriation (FY 2005)	\$35,473,000
9	Public Safety and Education Account--State	
10	Appropriation	\$3,657,000
11	Violence Reduction and Drug Enforcement	
12	Account Appropriation	\$26,000
13	TOTAL APPROPRIATION	\$77,473,000

14 The appropriations in this subsection are subject to the following
15 conditions and limitations: \$3,250,000 of the general fund--state
16 appropriation for fiscal year 2004 is provided solely for the
17 continuation of phase two of the department's offender-based tracking
18 system replacement project. This amount is conditioned on the
19 department satisfying the requirements of section 902 of this act.

20 (2) CORRECTIONAL OPERATIONS

21	General Fund--State Appropriation (FY 2004)	\$441,122,000
22	General Fund--State Appropriation (FY 2005)	\$449,520,000
23	General Fund--Federal Appropriation	\$8,746,000
24	Violence Reduction and Drug Enforcement Account--	
25	State Appropriation	\$3,008,000
26	TOTAL APPROPRIATION	\$902,396,000

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

29 (a) The department may expend funds generated by contractual
30 agreements entered into for mitigation of severe overcrowding in local
31 jails. Any funds generated in excess of actual costs shall be
32 deposited in the state general fund. Expenditures shall not exceed
33 revenue generated by such agreements and shall be treated as recovery
34 of costs.

35 (b) The department shall provide funding for the pet partnership

1 program at the Washington corrections center for women at a level at
2 least equal to that provided in the 1995-97 biennium.

3 (c) The department of corrections shall accomplish personnel
4 reductions with the least possible impact on correctional custody
5 staff, community custody staff, and correctional industries. For the
6 purposes of this subsection, correctional custody staff means employees
7 responsible for the direct supervision of offenders.

8 (d) During the 2003-05 biennium, when contracts are established or
9 renewed for offender pay phone and other telephone services provided to
10 inmates, the department shall select the contractor or contractors
11 primarily based on the following factors: (i) The lowest rate charged
12 to both the inmate and the person paying for the telephone call; and
13 (ii) the lowest commission rates paid to the department, while
14 providing reasonable compensation to cover the costs of the department
15 to provide the telephone services to inmates and provide sufficient
16 revenues for the activities funded from the institutional welfare
17 betterment account.

18 (e) For the acquisition of properties and facilities, the
19 department of corrections is authorized to enter into financial
20 contracts, paid for from operating resources, for the purposes
21 indicated and in not more than the principal amounts indicated, plus
22 financing expenses and required reserves pursuant to chapter 39.94 RCW.
23 This authority applies to the following: Lease-develop with the option
24 to purchase or lease-purchase approximately 50 work release beds in
25 facilities throughout the state for \$3,500,000.

26 (3) COMMUNITY SUPERVISION

27	General Fund--State Appropriation (FY 2004)	\$73,952,000
28	General Fund--State Appropriation (FY 2005)	\$74,200,000
29	Public Safety and Education	
30	Account--State Appropriation	\$15,492,000
31	TOTAL APPROPRIATION	\$163,644,000

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

34 (a) The department of corrections shall accomplish personnel
35 reductions with the least possible impact on correctional custody
36 staff, community custody staff, and correctional industries. For the
37 purposes of this subsection, correctional custody staff means employees
38 responsible for the direct supervision of offenders.

1 (b) \$75,000 of the general fund--state appropriation for fiscal
2 year 2004 and \$75,000 of the general fund--state appropriation for
3 fiscal year 2005 are provided solely for the department of corrections
4 to contract with the institute for public policy for responsibilities
5 assigned in chapter 196, Laws of 1999 (offender accountability act) and
6 sections 7 through 12 of chapter 197, Laws of 1999 (drug offender
7 sentencing).

8 (c) \$100,000 of the general fund--state appropriation for fiscal
9 year 2004 is provided solely for a pilot project to test the
10 availability, reliability, and effectiveness of an electronic
11 monitoring system based on passive data logging global positioning
12 system technology for monitoring sex offenders.

13 (i) The department of corrections shall work with the Washington
14 association of sheriffs and police chiefs and the department of social
15 and health services to establish the pilot project.

16 (ii) The pilot project shall be of sufficient size to test the
17 reliability of the technology in a variety of geographical
18 circumstances including both urban and rural locations.

19 (iii) The pilot project shall test the system using sex or
20 kidnapping offenders under the jurisdiction of the department of
21 corrections and persons civilly committed under chapter 71.09 RCW under
22 a variety of supervision circumstances. Offenders included in the
23 pilot project shall be offenders who have been classified as level
24 three offenders by the end of sentence review committee and over whom
25 the department of corrections has authority to establish conditions of
26 supervision or persons who have been ordered to be electronically
27 monitored by the court in a proceeding under chapter 71.09 RCW and who
28 have been classified as level three offenders by the end of sentence
29 review committee.

30 (iv) The pilot project shall specifically examine the feasibility
31 of electronic monitoring for level three sex offenders or kidnapping
32 offenders who register as homeless or transient.

33 (v) The Washington association of sheriffs and police chiefs shall
34 report to the appropriate committees of the legislature and the
35 governor on the results of the pilot project by January 31, 2004. The
36 report must include, but is not limited to:

37 (A) The availability of the technology, including a description of

1 the system used and a discussion of the various types of global
2 positioning system-based monitoring available and appropriate for a sex
3 offender population;

4 (B) Any geographic or weather-related limitations posed by the
5 technology;

6 (C) The reliability, including the false alarm rate of the
7 technology;

8 (D) Any training requirements for department of corrections staff
9 or supervised persons;

10 (E) Any distinctions in effectiveness or feasibility for different
11 supervision populations;

12 (F) Costs, including equipment costs, monitoring fees, and any
13 changes to department of corrections staffing levels;

14 (G) The ability of the subjects of the pilot to pay for daily
15 and/or equipment costs;

16 (H) The rate of loss or damage to equipment used by the subjects of
17 the pilot project; and

18 (I) Limitations in the pilot project to determining the answers to
19 the items in this subsection (3)(c)(v).

20 The association shall make a recommendation in the report about the
21 frequency and timing of monitoring reports, and the need for further
22 study of the issue to determine efficacy and reliability.

23 (4) CORRECTIONAL INDUSTRIES

24	General Fund--State Appropriation (FY 2004)	\$626,000
25	General Fund--State Appropriation (FY 2005)	\$626,000
26	TOTAL APPROPRIATION	\$1,252,000

27 The appropriations in this subsection are subject to the following
28 conditions and limitations: \$110,000 of the general fund--state
29 appropriation for fiscal year 2004 and \$110,000 of the general fund--
30 state appropriation for fiscal year 2005 are provided solely for
31 transfer to the jail industries board. The board shall use the amounts
32 provided only for administrative expenses, equipment purchases, and
33 technical assistance associated with advising cities and counties in
34 developing, promoting, and implementing consistent, safe, and efficient
35 offender work programs.

36 (5) INTERAGENCY PAYMENTS

37	General Fund--State Appropriation (FY 2004)	\$25,099,000
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1 General Fund--State Appropriation (FY 2005) \$25,134,000
 2 TOTAL APPROPRIATION \$50,233,000

3 **Sec. 223.** 2003 c 10 s 218 (uncodified) is amended to read as
 4 follows:

5 **FOR THE DEPARTMENT OF CORRECTIONS.** The appropriations to the
 6 department of corrections in this act shall be expended for the
 7 programs and in the amounts specified herein. However, after May 1,
 8 2003, after approval by the director of financial management and unless
 9 specifically prohibited by this act, the department may transfer
 10 general fund--state appropriations for fiscal year 2003 between
 11 programs. The director of financial management shall notify the
 12 appropriate fiscal committees of the senate and house of
 13 representatives in writing prior to approving any deviations from
 14 appropriation levels.

15 (1) ADMINISTRATION AND SUPPORT SERVICES
 16 General Fund--State Appropriation (FY 2002) \$36,786,000
 17 General Fund--State Appropriation (FY 2003) (~~(\$36,239,000)~~)
 18 \$32,989,000
 19 Public Safety and Education Account--State
 20 Appropriation \$1,576,000
 21 Violence Reduction and Drug Enforcement
 22 Account Appropriation \$3,254,000
 23 TOTAL APPROPRIATION (~~(\$77,855,000)~~)
 24 \$74,605,000

25 The appropriations in this subsection are subject to the following
 26 conditions and limitations: \$4,623,000 of the general fund--state
 27 appropriation for fiscal year 2002, (~~(\$4,623,000)~~) \$1,373,000 of the
 28 general fund--state appropriation for fiscal year 2003, and \$3,254,000
 29 of the violence reduction and drug enforcement account appropriation
 30 are provided solely for the replacement of the department's offender-
 31 based tracking system. This amount is conditioned on the department
 32 satisfying the requirements of section 902 of this act. The department
 33 shall prepare an assessment of the fiscal impact of any changes to the
 34 replacement project. The assessment shall:

35 (a) Include a description of any changes to the replacement
 36 project;

1 (b) Provide the estimated costs for each component in the 2001-03
2 and subsequent biennia;

3 (c) Include a schedule that provides the time estimated to complete
4 changes to each component of the replacement project; and

5 (d) Be provided to the office of financial management, the
6 department of information services, the information services board, and
7 the staff of the fiscal committees of the senate and the house of
8 representatives no later than November 1, 2002.

9 (2) CORRECTIONAL OPERATIONS

10	General Fund--State Appropriation (FY 2002)	\$404,390,000
11	General Fund--State Appropriation (FY 2003)	\$433,915,000
12	General Fund--Federal Appropriation	\$9,936,000
13	Violence Reduction and Drug Enforcement Account--	
14	State Appropriation	\$1,596,000
15	Public Health Services Account Appropriation	\$1,453,000
16	TOTAL APPROPRIATION	\$851,290,000

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

19 (a) The department may expend funds generated by contractual
20 agreements entered into for mitigation of severe overcrowding in local
21 jails. Any funds generated in excess of actual costs shall be
22 deposited in the state general fund. Expenditures shall not exceed
23 revenue generated by such agreements and shall be treated as recovery
24 of costs.

25 (b) The department shall provide funding for the pet partnership
26 program at the Washington corrections center for women at a level at
27 least equal to that provided in the 1995-97 biennium.

28 (c) The department of corrections shall accomplish personnel
29 reductions with the least possible impact on correctional custody
30 staff, community custody staff, and correctional industries. For the
31 purposes of this subsection, correctional custody staff means employees
32 responsible for the direct supervision of offenders.

33 (d) \$553,000 of the general fund--state appropriation for fiscal
34 year 2002 and \$956,000 of the general fund--state appropriation for
35 fiscal year 2003 are provided solely to increase payment rates for
36 contracted education providers, contracted chemical dependency
37 providers, and contracted work release facilities.

1 (e) During the 2001-03 biennium, when contracts are established or
2 renewed for offender pay phone and other telephone services provided to
3 inmates, the department shall select the contractor or contractors
4 primarily based on the following factors: (i) The lowest rate charged
5 to both the inmate and the person paying for the telephone call; and
6 (ii) the lowest commission rates paid to the department, while
7 providing reasonable compensation to cover the costs of the department
8 to provide the telephone services to inmates and provide sufficient
9 revenues for the activities funded from the institutional welfare
10 betterment account.

11 (f) For the acquisition of properties and facilities, the
12 department of corrections is authorized to enter into financial
13 contracts, paid for from operating resources, for the purposes
14 indicated and in not more than the principal amounts indicated, plus
15 financing expenses and required reserves pursuant to chapter 39.94 RCW.
16 This authority applies to the following: Lease-develop with the option
17 to purchase or lease-purchase approximately 50 work release beds in
18 facilities throughout the state for \$3,500,000.

19 (g) \$22,000 of the general fund--state appropriation for fiscal
20 year 2002 and \$76,000 of the general fund--state appropriation for
21 fiscal year 2003 are provided solely for the implementation of Second
22 Substitute Senate Bill No. 6151 (high risk sex offenders in the civil
23 commitment and criminal justice systems). If the bill is not enacted
24 by June 30, 2001, the amounts provided in this subsection shall lapse.

25 (h) The department may acquire a ferry for no more than \$1,000,000
26 from Washington state ferries. Funds expended for this purpose will be
27 recovered from the sale of marine assets.

28 (i) Within the amounts appropriated in this section, funding is
29 provided for the initial implementation of a medical algorithm practice
30 program within the department's facilities. The program shall be
31 designed to achieve clinical efficacy and costs efficiency in the
32 utilization of psychiatric drugs.

33 (3) COMMUNITY SUPERVISION

34 General Fund--State Appropriation (FY 2002)	\$68,097,000
35 General Fund--State Appropriation (FY 2003)	\$77,436,000
36 General Fund--Federal Appropriation	\$870,000
37 Public Safety and Education	
38 Account--State Appropriation	\$15,493,000

1 TOTAL APPROPRIATION \$161,896,000

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

4 (a) The department of corrections shall accomplish personnel
5 reductions with the least possible impact on correctional custody
6 staff, community custody staff, and correctional industries. For the
7 purposes of this subsection, correctional custody staff means employees
8 responsible for the direct supervision of offenders.

9 (b) \$75,000 of the general fund--state appropriation for fiscal
10 year 2002 and \$75,000 of the general fund--state appropriation for
11 fiscal year 2003 are provided solely for the department of corrections
12 to contract with the institute for public policy for responsibilities
13 assigned in chapter 196, Laws of 1999 (offender accountability act) and
14 sections 7 through 12 of chapter 197, Laws of 1999 (drug offender
15 sentencing).

16 (c) \$16,000 of the general fund--state appropriation for fiscal
17 year 2002 and \$28,000 of the general fund--state appropriation for
18 fiscal year 2003 are provided solely to increase payment rates for
19 contracted chemical dependency providers.

20 (d) \$30,000 of the general fund--state appropriation for fiscal
21 year 2002 and \$30,000 of the general fund--state appropriation for
22 fiscal year 2003 are provided solely for the implementation of
23 Substitute Senate Bill No. 5118 (interstate compact for adult offender
24 supervision). If the bill is not enacted by June 30, 2001, the amounts
25 provided in this subsection shall lapse.

26 (4) CORRECTIONAL INDUSTRIES

27	General Fund--State Appropriation (FY 2002)	\$631,000
28	General Fund--State Appropriation (FY 2003)	\$629,000
29	TOTAL APPROPRIATION	\$1,260,000

30 The appropriations in this subsection are subject to the following
31 conditions and limitations: \$110,000 of the general fund--state
32 appropriation for fiscal year 2002 and \$110,000 of the general fund--
33 state appropriation for fiscal year 2003 are provided solely for
34 transfer to the jail industries board. The board shall use the amounts
35 provided only for administrative expenses, equipment purchases, and
36 technical assistance associated with advising cities and counties in

1 developing, promoting, and implementing consistent, safe, and efficient
2 offender work programs.

3 (5) INTERAGENCY PAYMENTS

4	General Fund--State Appropriation (FY 2002)	\$18,568,000
5	General Fund--State Appropriation (FY 2003)	\$18,569,000
6	TOTAL APPROPRIATION	\$37,137,000

7 NEW SECTION. **Sec. 224. FOR THE DEPARTMENT OF SERVICES FOR THE**
8 **BLIND**

9	General Fund--State Appropriation (FY 2004)	\$1,767,000
10	General Fund--State Appropriation (FY 2005)	\$1,767,000
11	General Fund--Federal Appropriation	\$14,297,000
12	General Fund--Private/Local Appropriation	\$80,000
13	TOTAL APPROPRIATION	\$17,911,000

14 NEW SECTION. **Sec. 225. FOR THE SENTENCING GUIDELINES COMMISSION**

15	General Fund--State Appropriation (FY 2004)	\$737,000
16	General Fund--State Appropriation (FY 2005)	\$741,000
17	TOTAL APPROPRIATION	\$1,478,000

18 NEW SECTION. **Sec. 226. FOR THE EMPLOYMENT SECURITY DEPARTMENT**

19	General Fund--Federal Appropriation	\$267,586,000
20	General Fund--Private/Local Appropriation	\$30,103,000
21	Unemployment Compensation Administration Account--	
22	Federal Appropriation	\$184,878,000
23	Administrative Contingency Account--State	
24	Appropriation	\$14,721,000
25	Employment Service Administrative Account--State	
26	Appropriation	\$23,184,000
27	TOTAL APPROPRIATION	\$520,472,000

28 The appropriations in this subsection are subject to the following
29 conditions and limitations: \$100,000 of the administrative contingency
30 account appropriation is provided solely to establish an advisory
31 partnership on the Washington manufacturing sector as outlined in
32 Substitute House Bill No. 2164 (manufacturing advisory partnership) and
33 recommended in the report entitled manufacturing in Washington state,
34 1990-2002: trends and implications for the industry and state.

1 **Sec.227.** 2003 c 10 s 209 (uncodified) is amended to read as
2 follows:

3 **FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MEDICAL ASSISTANCE**
4 **PROGRAM**

5	General Fund--State Appropriation (FY 2002)	\$1,081,150,000
6	General Fund--State Appropriation (FY 2003)	((\$1,202,277,000))
7		<u>\$1,192,164,000</u>
8	General Fund--Federal Appropriation	((\$3,319,133,000))
9		<u>\$3,329,246,000</u>
10	General Fund--Private/Local Appropriation	\$216,735,000
11	Emergency Medical Services and Trauma Care Systems	
12	Trust Account--State Appropriation	\$10,700,000
13	Health Services Account--State Appropriation	\$720,236,000
14	TOTAL APPROPRIATION	\$6,550,231,000

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

17 (1) The department shall increase its efforts to restrain the
18 growth of health care costs. The appropriations in this section
19 anticipate that the department implements a combination of cost
20 containment and utilization strategies sufficient to reduce general
21 fund--state costs by approximately 3 percent below the level projected
22 for the 2001-03 biennium in the March 2001 forecast. The department
23 shall report to the fiscal committees of the legislature by October 1,
24 2001, on its specific plans and semiannual targets for accomplishing
25 these savings. The department shall report again to the fiscal
26 committees by March 1, 2002, and by September 1, 2002, on actual
27 performance relative to the semiannual targets. If satisfactory
28 progress is not being made to achieve the targeted savings, the reports
29 shall include recommendations for additional or alternative measures to
30 control costs.

31 (2) The department shall continue to extend medicaid eligibility to
32 children through age 18 residing in households with incomes below 200
33 percent of the federal poverty level.

34 (3) In determining financial eligibility for medicaid-funded
35 services, the department is authorized to disregard recoveries by
36 Holocaust survivors of insurance proceeds or other assets, as defined
37 in RCW 48.104.030.

1 (4) \$502,000 of the health services account appropriation, \$400,000
2 of the general fund--private/local appropriation, and \$1,676,000 of the
3 general fund--federal appropriation are provided solely for
4 implementation of Second Substitute House Bill No. 1058 (breast and
5 cervical cancer treatment). If the bill is not enacted by June 30,
6 2001, or if private funding is not contributed equivalent to the
7 general fund--private/local appropriation, the funds appropriated in
8 this subsection shall lapse.

9 (5) \$620,000 of the health services account appropriation for
10 fiscal year 2002, \$337,000 of the health services account appropriation
11 for fiscal year 2003, and \$960,000 of the general fund--federal
12 appropriation are provided solely for implementation of a "ticket to
13 work" medicaid buy-in program for working persons with disabilities,
14 operated in accordance with the following conditions:

15 (a) To be eligible, a working person with a disability must have
16 total income which is less than 450 percent of poverty;

17 (b) Participants shall participate in the cost of the program by
18 paying (i) a monthly enrollment fee equal to fifty percent of any
19 unearned income in excess of the medicaid medically needy standard; and
20 (ii) a monthly premium equal to 5 percent of all unearned income, plus
21 5 percent of all earned income after disregarding the first sixty-five
22 dollars of monthly earnings, and half the remainder;

23 (c) The department shall establish more restrictive eligibility
24 standards than specified in this subsection to the extent necessary to
25 operate the program within appropriated funds;

26 (d) The department may require point-of-service copayments as
27 appropriate, except that copayments shall not be so high as to
28 discourage appropriate service utilization, particularly of
29 prescription drugs needed for the treatment of psychiatric conditions;
30 and

31 (e) The department shall establish systems for tracking and
32 reporting enrollment and expenditures in this program, and the prior
33 medical assistance eligibility status of new program enrollees. The
34 department shall additionally survey the prior and current employment
35 status and approximate hours worked of program enrollees, and report
36 the results to the fiscal and health care committees of the legislature
37 by January 15, 2003.

1 (6) From funds appropriated in this section, the department shall
2 design, implement, and evaluate pilot projects to assist individuals
3 with at least three different diseases to improve their health, while
4 reducing total medical expenditures. The projects shall involve (a)
5 identifying persons who are seriously or chronically ill due to a
6 combination of medical, social, and functional problems; and (b)
7 working with the individuals and their care providers to improve
8 adherence to state-of-the-art treatment regimens. The department shall
9 report to the health care and the fiscal committees of the legislature
10 by January 1, 2002, on the particular disease states, intervention
11 protocols, and delivery mechanisms it proposes to test.

12 (7) Sufficient funds are appropriated in this section for the
13 department to continue full-scope dental coverage, vision coverage, and
14 podiatry services for medicaid-eligible adults.

15 (8) The legislature reaffirms that it is in the state's interest
16 for Harborview medical center to remain an economically viable
17 component of the state's health care system.

18 (9) \$80,000 of the general fund--state appropriation for fiscal
19 year 2002, \$80,000 of the general fund--state appropriation for fiscal
20 year 2003, and \$160,000 of the general fund--federal appropriation are
21 provided solely for the newborn referral program to provide access and
22 outreach to reduce infant mortality.

23 (10) \$30,000 of the general fund--state appropriation for fiscal
24 year 2002, \$31,000 of the general fund--state appropriation for fiscal
25 year 2003, and \$62,000 of the general fund--federal appropriation are
26 provided solely for implementation of Substitute Senate Bill No. 6020
27 (dental sealants). If Substitute Senate Bill No. 6020 is not enacted
28 by June 30, 2001, the amounts provided in this subsection shall lapse.

29 (11) In accordance with RCW 74.46.625, \$199,111,000 of the health
30 services account appropriation and \$201,049,000 of the general fund--
31 federal appropriation are provided solely for supplemental payments to
32 nursing homes operated by rural public hospital districts. The
33 payments shall be conditioned upon (a) a contractual commitment by the
34 association of public hospital districts and participating rural public
35 hospital districts to make an intergovernmental transfer to the state
36 treasurer, for deposit into the health services account, equal to at
37 least 95 percent of the supplemental payments; and (b) a contractual
38 commitment by the participating districts to not allow expenditures

1 covered by the supplemental payments to be used for medicaid nursing
2 home rate-setting. The participating districts shall retain no more
3 than a total of \$20,000,000 for the 2001-03 biennium. If the medicare
4 upper payment limit revenues referenced in this subsection are not
5 received in an amount or within a time frame sufficient to support
6 spending from the health services account, the governor shall take
7 actions in accordance with RCW 43.88.110(8).

8 (12) \$40,428,000 of the health services account appropriation and
9 \$40,807,000 of the general fund--federal appropriation are provided
10 solely for additional disproportionate share and medicare upper payment
11 limit payments to public hospital districts.

12 The payments shall be conditioned upon a contractual commitment by
13 the participating public hospital districts to make an
14 intergovernmental transfer to the health services account equal to at
15 least 91 percent of the additional payments. At least 28 percent of
16 the amounts retained by the participating hospital districts shall be
17 allocated to the state's teaching hospitals.

18 (13) \$412,000 of the general fund--state appropriation for fiscal
19 year 2002, \$862,000 of the general fund--state appropriation for fiscal
20 year 2003, and \$730,000 of the general fund--federal appropriation are
21 provided solely for implementation of Substitute House Bill No. 1162
22 (small rural hospitals). If Substitute House Bill No. 1162 is not
23 enacted by June 30, 2001, the amounts provided in this subsection shall
24 lapse.

25 (14) The department may continue to use any federal money available
26 to continue to provide medicaid matching funds for funds contributed by
27 local governments for purposes of conducting eligibility outreach to
28 children and underserved groups. The department shall ensure
29 cooperation with the anticipated audit of the school districts'
30 matchable expenditures for this program and advise the appropriate
31 legislative fiscal committees of the findings.

32 (15) The department shall coordinate with the health care authority
33 and with community and migrant health clinics to actively assist
34 children and immigrant adults not eligible for medicaid to enroll in
35 the basic health plan.

36 (16) \$8,500,000 of the general fund--state appropriation for fiscal
37 year 2002, or so much thereof as may be necessary, is provided solely

1 for settlement of *Providence St. Peter's Hospital et al. vs. Department*
2 *of Social and Health Services.*

3 (17) In consultation and coordination with the department of
4 health, the department shall establish mechanisms to assure that the
5 AIDS insurance program operates within budgeted levels. Such
6 mechanisms shall include a system under which the state's contribution
7 to the cost of coverage is adjusted on a sliding-scale basis.

8 (18) The department shall implement an academic detailing program
9 that educates prescribers on the availability of generic versions of
10 off-patent brand drugs. To the extent the net cost of generics, after
11 accounting for rebates, is less than the off-patent drug, generics will
12 be substituted, with the prescriber's approval, consistent with
13 criteria developed by the department in consultation with the state
14 medical association and the state pharmacists association.

15 (19) Within available resources, the department shall design and
16 report on the feasibility of a general assistance medical care
17 management project in two counties, one in eastern Washington and one
18 in western Washington. In designing the project, the department shall
19 consult with the mental health division, migrant and community health
20 centers, and any other managed care provider that has the capacity to
21 offer coordinated medical and mental health care. The projects shall
22 be designed in such a way that a designated provider network is
23 established for general assistance clients so that care management can
24 be maximized. The department shall report on the design of the pilot
25 project to the policy and fiscal committees of the legislature by
26 October 15, 2002.

27 (20) \$21,000 of the general fund--state appropriation and \$189,000
28 of the general fund--federal appropriation are provided solely for
29 initiation of a study to assess alternatives for replacing the existing
30 medicaid management information system. The department shall report to
31 the information services board and to the fiscal committees of the
32 legislature by December 1, 2003, on the anticipated costs and benefits
33 of the major alternative approaches. The department shall receive
34 specific authorization in the 2003-05 appropriations act before
35 proceeding with procurement of the replacement system.

(End of part)

PART III
NATURAL RESOURCES

NEW SECTION. **Sec. 301. FOR THE COLUMBIA RIVER GORGE COMMISSION**

General Fund--State Appropriation (FY 2004)	\$339,000
General Fund--State Appropriation (FY 2005)	\$345,000
General Fund--Private/Local Appropriation	\$663,000
TOTAL APPROPRIATION	\$1,347,000

NEW SECTION. **Sec. 302. FOR THE DEPARTMENT OF ECOLOGY**

General Fund--State Appropriation (FY 2004)	\$33,464,000
General Fund--State Appropriation (FY 2005)	\$33,263,000
General Fund--Federal Appropriation	\$57,143,000
General Fund--Private/Local Appropriation	\$3,696,000
Special Grass Seed Burning Research Account--	
State Appropriation	\$14,000
Reclamation Revolving Account--State	
Appropriation	\$2,760,000
Flood Control Assistance Account--	
State Appropriation	\$2,019,000
State Emergency Water Projects Revolving Account--	
State Appropriation	\$552,000
Waste Reduction/Recycling/Litter Control Account--	
State Appropriation	\$13,714,000
State Drought Preparedness Account--State	
Appropriation	\$1,708,000
State and Local Improvements Revolving Account	
(Water Supply Facilities)--State	
Appropriation	\$593,000
Site Closure Account--State Appropriation	\$629,000
Water Quality Account--State Appropriation	\$25,252,000
Wood Stove Education and Enforcement Account--	
State Appropriation	\$356,000
Worker and Community Right-to-Know Account--	
State Appropriation	\$3,348,000
State Toxics Control Account--State	
Appropriation	\$59,268,000

1	State Toxics Control Account--Private/Local	
2	Appropriation	\$353,000
3	Local Toxics Control Account--State	
4	Appropriation	\$4,878,000
5	Water Quality Permit Account--State	
6	Appropriation	\$25,205,000
7	Underground Storage Tank Account--State	
8	Appropriation	\$2,710,000
9	Environmental Excellence Account--State	
10	Appropriation	\$504,000
11	Biosolids Permit Account--State Appropriation	\$784,000
12	Hazardous Waste Assistance Account--State	
13	Appropriation	\$4,185,000
14	Air Pollution Control Account--State	
15	Appropriation	\$1,654,000
16	Oil Spill Prevention Account--State	
17	Appropriation	\$7,745,000
18	Air Operating Permit Account--State	
19	Appropriation	\$3,693,000
20	Freshwater Aquatic Weeds Account--State	
21	Appropriation	\$2,503,000
22	Oil Spill Response Account--State	
23	Appropriation	\$7,078,000
24	Metals Mining Account--State Appropriation	\$19,000
25	Water Pollution Control Revolving Account--	
26	State Appropriation	\$380,000
27	Water Pollution Control Revolving Account--	
28	Federal Appropriation	\$1,867,000
29	TOTAL APPROPRIATION	\$301,337,000

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

32 (1) \$2,757,696 of the general fund--state appropriation for fiscal
33 year 2004, \$2,757,696 of the general fund--state appropriation for
34 fiscal year 2005, \$394,000 of the general fund--federal appropriation,
35 \$2,581,000 of the state toxics account--state appropriation, \$217,830
36 of the water quality account--state appropriation, \$322,976 of the
37 state drought preparedness account--state appropriation, \$3,748,220 of
38 the water quality permit account--state appropriation, and \$704,942 of

1 the oil spill prevention account are provided solely for the
2 implementation of the Puget Sound work plan and agency action items
3 DOE-01, DOE-02, DOE-04, DOE-05, DOE-06, DOE-07, DOE-08, and DOE-09.

4 (2) \$4,059,000 of the state toxics control account appropriation is
5 provided solely for methamphetamine lab clean-up activities.

6 (3) \$170,000 of the oil spill prevention account appropriation is
7 provided solely for implementation of the Puget Sound work plan action
8 item UW-02 through a contract with the University of Washington's sea
9 grant program to develop an educational program targeted to small
10 spills from commercial fishing vessels, ferries, cruise ships, ports,
11 and marinas.

12 (4) \$1,000,000 of the general fund--state appropriation for fiscal
13 year 2004 and \$1,000,000 of the general fund--state appropriation for
14 fiscal year 2005 are provided solely for shoreline grants to local
15 governments to implement Substitute Senate Bill No. 6012 (shoreline
16 management), chapter 262, Laws of 2003.

17 (5) Fees approved by the department of ecology in the 2003-05
18 biennium are authorized to exceed the fiscal growth factor under RCW
19 43.135.055.

20 (6) \$200,000 of the water quality account--state appropriation is
21 provided solely for the department to contract with Washington State
22 University cooperative extension program to provide statewide
23 coordination and support for coordinated resource management.

24 (7) \$100,000 of the state toxics control account--state
25 appropriation is provided solely to implement Engrossed Substitute
26 House Bill No. 1002 (mercury), chapter 260, Laws of 2003. If the bill
27 is not enacted by June 30, 2003, the amount provided in this subsection
28 shall lapse.

29 (8) The department of ecology is authorized to take one of the
30 following actions related to the grant awarded in the 2001-03 biennium
31 to Lincoln county for the Negro Creek flood control project, flood
32 control assistance account program grant G0200049: (a) Carry forward
33 to the 2003-05 biennium any unspent portion of the grant, or (b) extend
34 the time of performance for the grant contract to the end of the 2003-
35 2005 biennium.

36 NEW SECTION. **Sec. 303. FOR THE STATE PARKS AND RECREATION**

1	COMMISSION	
2	General Fund--State Appropriation (FY 2004)	\$29,986,000
3	General Fund--State Appropriation (FY 2005)	\$29,976,000
4	General Fund--Federal Appropriation	\$2,666,000
5	General Fund--Private/Local Appropriation	\$63,000
6	Winter Recreation Program Account--State	
7	Appropriation	\$1,079,000
8	Off Road Vehicle Account--State Appropriation	\$285,000
9	Snowmobile Account--State Appropriation	\$4,790,000
10	Aquatic Lands Enhancement Account--State	
11	Appropriation	\$332,000
12	Public Safety and Education Account--State	
13	Appropriation	\$47,000
14	Parks Renewal and Stewardship Account--	
15	State Appropriation	\$33,769,000
16	TOTAL APPROPRIATION	\$102,993,000

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

19 (1) Fees approved by the state parks and recreation commission in
20 the 2003-05 biennium are authorized to exceed the fiscal growth factor
21 under RCW 43.135.055.

22 (2) \$79,000 of the general fund--state appropriation for fiscal
23 year 2004, \$79,000 of the general fund--state appropriation for fiscal
24 year 2005, and \$8,000 of the winter recreation program account--state
25 appropriation are provided solely for a grant for the operation of the
26 Northwest avalanche center.

27 (3) \$191,000 of the aquatic lands enhancement account appropriation
28 is provided solely for the implementation of the Puget Sound work plan
29 and agency action item P+RC-02.

30 (4) At each state park at which a parking fee is collected, the
31 state parks and recreation commission shall provide notice that the
32 revenue collected from the parking fee shall be used to fund
33 expenditures to maintain and improve the state park system.

34 NEW SECTION. **Sec. 304. FOR THE INTERAGENCY COMMITTEE FOR OUTDOOR**
35 **RECREATION**

36	General Fund--State Appropriation (FY 2004)	\$1,246,000
37	General Fund--State Appropriation (FY 2005)	\$1,256,000

1	General Fund--Federal Appropriation	\$17,983,000
2	Firearms Range Account--State Appropriation	\$22,000
3	Recreation Resources Account--State	
4	Appropriation	\$2,608,000
5	NOVA Program Account--State Appropriation	\$691,000
6	Water Quality Account--State Appropriation	\$200,000
7	Aquatic Lands Enhancement Account--State Appropriation	\$254,000
8	TOTAL APPROPRIATION	\$24,260,000

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

11 (1) \$16,000,000 of the general fund--federal appropriation is
12 provided solely for implementation of the forest and fish agreement
13 rules. These funds will be passed through to the department of natural
14 resources and the department of fish and wildlife.

15 (2) \$41,000 of the general fund--state appropriation for fiscal
16 year 2004 and \$41,000 of the general fund--state appropriation for
17 fiscal year 2005 are provided solely for the operation and maintenance
18 of the natural resources data portal.

19 (3) \$812,000 of the general fund--state appropriation for fiscal
20 year 2004, \$813,000 of the general fund--state appropriation for fiscal
21 year 2005, and \$1,625,000 of the general fund--federal appropriation
22 are provided to the salmon recovery funding board for distribution to
23 lead entities. The board may establish policies to require
24 coordination of funding requests from lead entities and regional
25 recovery boards to ensure that recovery efforts are synchronized. At
26 the discretion of the board, funding shall be concentrated in
27 watersheds within the highest priority salmon recovery regions as
28 defined by the statewide strategy to recover salmon. The board shall
29 also coordinate funding decisions with the northwest power planning
30 council to ensure maximum efficiency and investment return.

31 (4) \$234,000 of the general fund--state appropriation for fiscal
32 year 2004 and \$234,000 of the general fund--state appropriation for
33 fiscal year 2005 are provided solely to implement priority
34 recommendations developed by the monitoring oversight committee as
35 directed by RCW 77.85.210. Within these funds, activity shall be
36 directed to improve monitoring oversight within watersheds, enhance
37 data coordination and access among recovery partners, and produce a
38 state watershed health report card.

1 NEW SECTION. **Sec. 305. FOR THE ENVIRONMENTAL HEARINGS OFFICE**

2	General Fund--State Appropriation (FY 2004)	\$923,000
3	General Fund--State Appropriation (FY 2005)	\$960,000
4	TOTAL APPROPRIATION	\$1,883,000

5 The appropriations in this section are subject to the following
6 conditions and limitations: \$30,000 of the general fund--state
7 appropriation for fiscal year 2004 and \$20,000 of the general fund--
8 state appropriation for fiscal year 2005 are provided solely to
9 implement Engrossed Substitute Senate Bill No. 5776 (review of permit
10 decisions), chapter 393, Laws of 2003.

11 NEW SECTION. **Sec. 306. FOR THE CONSERVATION COMMISSION**

12	General Fund--State Appropriation (FY 2004)	\$2,234,000
13	General Fund--State Appropriation (FY 2005)	\$2,245,000
14	Water Quality Account--State Appropriation	\$2,162,000
15	TOTAL APPROPRIATION	\$6,641,000

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

18 (1) \$247,000 of the general fund--state appropriation for fiscal
19 year 2004 and \$247,000 of the general fund--state appropriation for
20 fiscal year 2005 are provided solely for the implementation of the
21 Puget Sound work plan and agency action item CC-01.

22 (2) \$118,000 of the general fund--state appropriation for fiscal
23 year 2004 and \$121,000 of the general fund--state appropriation for
24 fiscal year 2005 are provided solely to implement Engrossed Second
25 Substitute House Bill No. 1418 (drainage infrastructure), chapter 391,
26 Laws of 2003.

27 NEW SECTION. **Sec. 307. FOR THE DEPARTMENT OF FISH AND WILDLIFE**

28	General Fund--State Appropriation (FY 2004)	\$41,453,000
29	General Fund--State Appropriation (FY 2005)	\$40,179,000
30	General Fund--Federal Appropriation	\$31,632,000
31	General Fund--Private/Local Appropriation	\$24,300,000
32	Off Road Vehicle Account--State	
33	Appropriation	\$501,000
34	Aquatic Lands Enhancement Account--State	
35	Appropriation	\$5,620,000
36	Public Safety and Education Account--State	

1	Appropriation	\$562,000
2	Recreational Fisheries Enhancement Account--	
3	State Appropriation	\$3,392,000
4	Warm Water Game Fish Account--State	
5	Appropriation	\$2,568,000
6	Eastern Washington Pheasant Enhancement Account--	
7	State Appropriation	\$750,000
8	Wildlife Account--State Appropriation	\$57,138,000
9	Wildlife Account--Federal Appropriation	\$38,216,000
10	Wildlife Account--Private/Local	
11	Appropriation	\$15,158,000
12	Game Special Wildlife Account--State	
13	Appropriation	\$1,949,000
14	Game Special Wildlife Account--Federal	
15	Appropriation	\$9,598,000
16	Game Special Wildlife Account--Private/Local	
17	Appropriation	\$350,000
18	Environmental Excellence Account--State	
19	Appropriation	\$15,000
20	Regional Fisheries Salmonid Recovery Account--	
21	Federal Appropriation	\$1,750,000
22	Oil Spill Prevention Account--State	
23	Appropriation	\$981,000
24	Oyster Reserve Land Account--State	
25	Appropriation	\$137,000
26	TOTAL APPROPRIATION	\$276,249,000

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

29 (1) \$1,355,714 of the general fund--state appropriation for fiscal
30 year 2004, \$1,355,713 of the general fund--state appropriation for
31 fiscal year 2005, and \$402,000 of the wildlife account--state
32 appropriation are provided solely for the implementation of the Puget
33 Sound work plan and agency action items DFW-01 through DFW-06.

34 (2) \$225,000 of the general fund--state appropriation for fiscal
35 year 2004, \$225,000 of the general fund--state appropriation for fiscal
36 year 2005, and \$550,000 of the wildlife account--state appropriation
37 are provided solely for the implementation of hatchery reform
38 recommendations defined by the hatchery scientific review group.

1 (3) \$850,000 of the wildlife account--state appropriation is
2 provided solely for stewardship and maintenance needs on agency-owned
3 lands and water access sites.

4 (4) \$900,000 of the wildlife fund--state appropriation is provided
5 solely for wetland restoration activities for migratory waterfowl by
6 providing landowner incentives to create or maintain waterfowl habitat
7 and management activities.

8 (5) \$2,000,000 of the aquatic lands enhancement account
9 appropriation is provided for cooperative volunteer projects.

10 (6) The department shall support the activities of the aquatic
11 nuisance species coordination committee to foster state, federal,
12 tribal, and private cooperation on aquatic nuisance species issues.
13 The committee shall strive to prevent the introduction of nonnative
14 aquatic species and to minimize the spread of species that are
15 introduced.

16 (7) The department shall develop and implement an activity-based
17 costing system. The system shall be operational no later than January
18 1, 2004.

19 (8) \$400,000 of the wildlife account--state appropriation is
20 provided solely to implement the department's information systems
21 strategic plan to include continued implementation of a personal
22 computer leasing plan, an upgrade of computer back-up systems, systems
23 architecture assessment, and network security analysis.

24 (9) Within funds provided, the department shall make available
25 enforcement and biological staff to respond and take appropriate action
26 to ensure public safety in response to public complaints regarding bear
27 and cougar.

28 (10) \$43,000 of the general fund--state appropriation for fiscal
29 year 2004 and \$42,000 of the general fund--state appropriation for
30 fiscal year 2005 are provided solely for staffing and operation of the
31 Tennant Lake interpretive center.

32 (11) \$80,000 of the general fund--state appropriation for fiscal
33 year 2004 and \$77,000 of the general fund--state appropriation for
34 fiscal year 2005 are provided solely to implement Second Substitute
35 House Bill No. 1095 (small forest landowners), chapter 311, Laws of
36 2003.

37 (12) \$25,000 of the general fund--state appropriation for fiscal
38 year 2004 and \$25,000 of the general fund--state appropriation for

1 fiscal year 2005 are provided solely to implement Engrossed Second
2 Substitute House Bill No. 1338 (municipal water rights). If the bill
3 is not enacted by June 30, 2003, the amounts provided in this
4 subsection shall lapse.

5 (13) \$110,000 of the general fund--state appropriation for fiscal
6 year 2004 and \$110,000 of the general fund--state appropriation for
7 fiscal year 2005 are provided solely for economic adjustment assistance
8 to fishermen pursuant to the 1999 Pacific salmon treaty agreement.

9 (14) The department shall emphasize enforcement of laws related to
10 protection of fish habitat and the illegal harvest of salmon and
11 steelhead. Within the amount provided for the agency, the department
12 shall provide support to the department of health to enforce state
13 shellfish harvest laws.

14 ***NEW SECTION. Sec. 308. FOR THE DEPARTMENT OF NATURAL RESOURCES**

15	General Fund--State Appropriation (FY 2004)	\$30,307,000
16	General Fund--State Appropriation (FY 2005)	\$34,233,000
17	General Fund--Federal Appropriation	\$3,809,000
18	General Fund--Private/Local Appropriation	\$2,482,000
19	Forest Development Account--State	
20	Appropriation	\$52,060,000
21	Off Road Vehicle Account--State	
22	Appropriation	\$4,028,000
23	Surveys and Maps Account--State	
24	Appropriation	\$2,760,000
25	Aquatic Lands Enhancement Account--State	
26	Appropriation	\$6,884,000
27	Resources Management Cost Account--State	
28	Appropriation	\$70,391,000
29	Surface Mining Reclamation Account--State	
30	Appropriation	\$2,293,000
31	Disaster Response Account--State Appropriation	\$7,200,000
32	Water Quality Account--State Appropriation	\$2,479,000
33	Aquatic Land Dredged Material Disposal Site	
34	Account--State Appropriation	\$1,311,000
35	Natural Resource Conservation Areas Stewardship	
36	Account Appropriation	\$83,000
37	Air Pollution Control Account--State	

1	Appropriation	\$526,000
2	Agricultural College Trust Management Account	
3	Appropriation	\$1,868,000
4	Derelict Vessel Removal Account--State	
5	Appropriation	\$1,130,000
6	TOTAL APPROPRIATION	\$223,844,000

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

9 (1) \$18,000 of the general fund--state appropriation for fiscal
10 year 2004, \$18,000 of the general fund--state appropriation for fiscal
11 year 2005, and \$1,006,950 of the aquatic lands enhancement account
12 appropriation are provided solely for the implementation of the Puget
13 Sound work plan and agency action items DNR-01, DNR-02, and DNR-04.

14 (2) \$908,000 of the general fund--state appropriation for fiscal
15 year 2004 and \$910,000 of the general fund--state appropriation for
16 fiscal year 2005 are provided solely for deposit into the agricultural
17 college trust management account and are provided solely to manage
18 approximately 70,700 acres of Washington State University's
19 agricultural college trust lands.

20 (3) \$1,158,000 of the general fund--state appropriation for fiscal
21 year 2004, \$8,358,000 of the general fund--state appropriation for
22 fiscal year 2005, and \$7,200,000 of the disaster response account--
23 state appropriation are provided solely for emergency fire suppression.

24 (4) \$582,000 of the aquatic lands enhancement account appropriation
25 is provided solely for spartina control.

26 (5) Fees approved by the board of natural resources in the 2003-05
27 biennium are authorized to exceed the fiscal growth factor under RCW
28 43.135.055.

29 (6) The department shall prepare a report of actual and planned
30 expenditures by task and activity from all fund sources for all aspects
31 of the forest and fish program for the 2001-03 and 2003-05 biennia.
32 The report shall be submitted to the director of financial management
33 and the legislative fiscal committees by August 31, 2003.

34 (7) Authority to expend funding for acquisition of technology
35 equipment and software associated with development of a new revenue
36 management system is conditioned on compliance with section 902 of this
37 act.

1 (8) \$1,000,000 of the aquatic lands enhancement account--state
2 appropriation is provided solely for the department to meet its
3 obligations with the U.S. environmental protection agency for the
4 clean-up of Commencement Bay.

5 (9) For the 2003-05 fiscal biennium, the department has revised the
6 methodology by which administrative costs of the department are
7 allocated among the state general fund and the various dedicated funds
8 and accounts from which the department receives appropriations. The
9 legislature recognizes that the revised methodology represents a fair
10 and equitable allocation of costs under state law and accounting rules.
11 The legislature further finds that retroactive application of the
12 revised methodology is neither practical nor desirable.

13 (10) The department of natural resources shall provide a report to
14 the appropriate committees of the legislature, the office of financial
15 management, and the board of natural resources concerning the costs and
16 effectiveness of the contract harvesting program as authorized by
17 Second Substitute Senate Bill No. 5074 (contract harvesting), chapter
18 313, Laws of 2003. The report shall be submitted by December 31, 2006,
19 and shall include the following information:

20 (a) Number of sales conducted through contract harvesting;

21 (b) For each sale conducted, the (i) number of board feet sold;
22 (ii) stumpage and pond prices; (iii) difference in revenues received
23 compared to revenues that would have accrued through noncontract
24 harvest sales, and the distribution of revenues to the contract
25 harvesting revolving account, and to applicable management and trust
26 accounts; and (iv) total cost to conduct the contract harvest, by fund
27 and object of expenditure; and

28 (c) Other costs and benefits attributable to contract harvesting.

29 (11) \$208,000 of the general fund--state appropriation of fiscal
30 year 2004 and \$70,000 of the general fund--state appropriation for
31 fiscal year 2005 are provided solely to implement Second Substitute
32 House Bill No. 1095 (small forest landowners), chapter 311, Laws of
33 2003.

34 (12) The department of natural resources shall not close Sahara
35 Creek facility, campground, or trailhead. The appropriations in this
36 section are deemed sufficient to provide service for these recreational
37 opportunities.

1 (13) \$4,000 of the general fund--state appropriation for fiscal
2 year 2004 and \$4,000 of the general fund--state appropriation for
3 fiscal year 2005 are provided solely to compensate the forest board
4 trust for a portion of the lease to the Crescent television improvement
5 district consistent with RCW 79.12.055.

6 (14) \$2,700,000 of the general fund--state appropriation for fiscal
7 year 2004 is provided solely to the department of natural resources to
8 acquire approximately 232 acres of land and timber in Klickitat county
9 from the SDS lumber company. Expenditure of the moneys provided in
10 this subsection shall not be made until the SDS lumber company accepts
11 the land and timber acquisition as full and complete settlement of the
12 current litigation brought by the SDS lumber company against the state
13 and the litigation is dismissed, with prejudice. The land and timber
14 acquired with the funding in this subsection shall be managed for the
15 benefit of the common schools. By June 30, 2004, if the department has
16 not recovered through trust asset management the state's capital
17 investment from the land acquisition provided in this subsection, the
18 department shall seek reimbursement from the federal government. ***It is***
19 ***the intent of the legislature that the state general fund appropriation***
20 ***for the 2005-07 fiscal biennium for the forest practices program in the***
21 ***department be reduced by the amount not recovered through trust land***
22 ***management or reimbursement by the federal government.***

23 (15) \$265,000 of the aquatic lands enhancement account
24 appropriation is provided solely for developing a pilot project to
25 study the feasibility of geoduck aquaculture on both intertidal and
26 subtidal lands in the state of Washington.

**Sec. 308 was partially vetoed. See message at end of chapter.*

27 NEW SECTION. **Sec. 309. FOR THE DEPARTMENT OF AGRICULTURE**

28	General Fund--State Appropriation (FY 2004)	\$7,444,000
29	General Fund--State Appropriation (FY 2005)	\$7,244,000
30	General Fund--Federal Appropriation	\$10,068,000
31	General fund--Private/Local Appropriation	\$1,110,000
32	Aquatic Lands Enhancement Account--State	
33	Appropriation	\$1,942,000
34	Water Quality Account--State Appropriation	\$692,000
35	State Toxics Control Account--State	
36	Appropriation	\$2,580,000
37	Water Quality Permit Account--State Appropriation	\$165,000

1 TOTAL APPROPRIATION \$31,245,000

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

4 (1) \$37,000 of the general fund--state appropriation for fiscal
5 year 2004 and \$37,000 of the general fund--state appropriation for
6 fiscal year 2005 are provided solely for implementation of the Puget
7 Sound work plan and agency action item WSDA-01.

8 (2) Fees and assessments approved by the department in the 2003-05
9 biennium are authorized to exceed the fiscal growth factor under RCW
10 43.135.055.

11 (3) \$165,000 of the water quality permit account--state
12 appropriation and \$692,000 of the water quality account--state
13 appropriation are provided solely to implement Engrossed Substitute
14 Senate Bill No. 5889 (animal feeding operations), chapter 325, Laws of
15 2003.

16 (4) \$53,000 of the general fund--state appropriation for fiscal
17 year 2004 and \$15,000 of the general fund--state appropriation for
18 fiscal year 2005 are provided solely to implement Engrossed Substitute
19 House Bill No. 1754 (chickens), chapter 397, Laws of 2003.

20 NEW SECTION. **Sec. 310. FOR THE WASHINGTON POLLUTION LIABILITY**
21 **REINSURANCE PROGRAM**

22 Pollution Liability Insurance Program Trust Account--
23 State Appropriation \$984,000

(End of part)

PART IV
TRANSPORTATION

NEW SECTION. **Sec. 401. FOR THE DEPARTMENT OF LICENSING**

4	General Fund--State Appropriation (FY 2004)	\$4,986,000
5	General Fund--State Appropriation (FY 2005)	\$4,988,000
6	Architects' License Account--State	
7	Appropriation	\$696,000
8	Cemetery Account--State Appropriation	\$235,000
9	Professional Engineers' Account--State	
10	Appropriation	\$3,025,000
11	Real Estate Commission Account--State Appropriation	\$7,111,000
12	Master License Account--State Appropriation	\$9,110,000
13	Uniform Commercial Code Account--State	
14	Appropriation	\$2,987,000
15	Real Estate Education Account--State	
16	Appropriation	\$277,000
17	Real Estate Appraisers Commission Account--State	
18	Appropriation	\$927,000
19	Geologist's Account--State	
20	Appropriation	\$7,000
21	Funeral Directors and Embalmers Account--State	
22	Appropriation	\$521,000
23	Washington Real Estate Research Account--State	
24	Appropriation	\$308,000
25	Data Processing Revolving Account--State	
26	Appropriation	\$29,000
27	TOTAL APPROPRIATION	\$35,207,000

28 The appropriations in this section are subject to the following
29 conditions and limitations: In accordance with RCW 43.24.086, it is
30 the policy of the state of Washington that the cost of each
31 professional, occupational, or business licensing program be fully
32 borne by the members of that profession, occupation, or business. For
33 each licensing program covered by RCW 43.24.086, the department shall
34 set fees at levels sufficient to fully cover the cost of administering
35 the licensing program, including any costs associated with policy
36 enhancements funded in the 2003-05 fiscal biennium. Pursuant to RCW

1 43.135.055, during the 2003-05 fiscal biennium, the department may
2 increase fees in excess of the fiscal growth factor if the increases
3 are necessary to fully fund the costs of the licensing programs.

4 NEW SECTION. **Sec. 402. FOR THE STATE PATROL**

5	General Fund--State Appropriation (FY 2004)	\$20,005,000
6	General Fund--State Appropriation (FY 2005)	\$18,855,000
7	General Fund--Federal Appropriation	\$4,240,000
8	General Fund--Private/Local Appropriation	\$378,000
9	Death Investigations Account--State	
10	Appropriation	\$4,489,000
11	Public Safety and Education Account--State	
12	Appropriation	\$20,852,000
13	Enhanced 911 Account--State Appropriation	\$612,000
14	County Criminal Justice Assistance Account--State	
15	Appropriation	\$2,649,000
16	Municipal Criminal Justice Assistance Account--	
17	State Appropriation	\$1,087,000
18	Fire Service Trust Account--State	
19	Appropriation	\$125,000
20	Fire Service Training Account--State	
21	Appropriation	\$7,374,000
22	State Toxics Control Account--State	
23	Appropriation	\$436,000
24	Violence Reduction and Drug Enforcement Account--	
25	State Appropriation	\$286,000
26	Fingerprint Identification Account--State	
27	Appropriation	\$4,405,000
28	TOTAL APPROPRIATION	\$85,793,000

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

31 (1) \$750,000 of the fire service training account--state
32 appropriation is provided solely for the implementation of Senate Bill
33 No. 5176 (fire fighting training). If the bill is not enacted by June
34 30, 2003, the amount provided in this subsection shall lapse.

35 (2) \$200,000 of the fire service training account--state
36 appropriation is provided solely for two FTE's in the office of state
37 fire marshal to exclusively review K-12 construction documents for fire

1 and life safety in accordance with the state building code. It is the
2 intent of this appropriation to provide these services only to those
3 districts that are located in counties without qualified review
4 capabilities.

(End of part)

PART V
EDUCATION

*NEW SECTION. **Sec. 501. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

(1) STATE AGENCY OPERATIONS

General Fund--State Appropriation (FY 2004)	\$11,772,000
General Fund--State Appropriation (FY 2005)	\$11,761,000
General Fund--Federal Appropriation	\$15,921,000
TOTAL APPROPRIATION	\$39,454,000

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

(a) \$10,771,000 of the general fund--state appropriation for fiscal year 2004 and \$10,768,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the operation and expenses of the office of the superintendent of public instruction.

(b) \$428,000 of the general fund--state appropriation for fiscal year 2004 and \$428,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities.

(c) \$416,000 of the general fund--state appropriation for fiscal year 2004 and \$416,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the operation and expenses of the Washington professional educator standards board.

(d) \$157,000 of the general fund--state appropriation for fiscal year 2004 and \$149,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the implementation of Substitute Senate Bill No. 5012 (charter schools). If the bill is not enacted by June 30, 2003, the amounts provided in this subsection shall lapse.

(e) The department of social and health services, the office of the superintendent of public instruction, and the department of health should work together to identify opportunities for early intervention and prevention activities that can help prevent disease and reduce oral health issues among children. Disease prevention among infants at the

1 age of one year and among children entering the K-12 education system
2 provide cost-effective ways to avoid higher health spending later in
3 life.

4 (2) STATEWIDE PROGRAMS

5	General Fund--State Appropriation (FY 2004)	\$8,966,000
6	General Fund--State Appropriation (FY 2005)	\$9,345,000
7	General Fund--Federal Appropriation	\$66,405,000
8	TOTAL APPROPRIATION	\$84,716,000

9 The appropriations in this subsection are provided solely for the
10 statewide programs specified in this subsection and are subject to the
11 following conditions and limitations:

12 (a) HEALTH AND SAFETY

13 (i) A maximum of \$2,541,000 of the general fund--state
14 appropriation for fiscal year 2004 and a maximum of \$2,541,000 of the
15 general fund--state appropriation for fiscal year 2005 are provided for
16 a corps of nurses located at educational service districts, as
17 determined by the superintendent of public instruction, to be
18 dispatched to the most needy schools to provide direct care to
19 students, health education, and training for school staff.

20 (ii) A maximum of \$96,000 of the general fund--state appropriation
21 for fiscal year 2004 and a maximum of \$96,000 of the general fund--
22 state appropriation for fiscal year 2005 are provided for the school
23 safety center in the office of the superintendent of public instruction
24 subject to the following conditions and limitations:

25 (A) The safety center shall: Disseminate successful models of
26 school safety plans and cooperative efforts; provide assistance to
27 schools to establish a comprehensive safe school plan; select models of
28 cooperative efforts that have been proven successful; act as an
29 information dissemination and resource center when an incident occurs
30 in a school district either in Washington or in another state;
31 coordinate activities relating to school safety; review and approve
32 manuals and curricula used for school safety models and training; and
33 develop and maintain a school safety information web site.

34 (B) The superintendent of public instruction shall participate in
35 a school safety center advisory committee that includes representatives
36 of educators, classified staff, principals, superintendents,
37 administrators, the American society for industrial security, the state
38 criminal justice training commission, and others deemed appropriate and

1 approved by the school safety center advisory committee. Members of
2 the committee shall be chosen by the groups they represent. In
3 addition, the Washington association of sheriffs and police chiefs
4 shall appoint representatives of law enforcement to participate on the
5 school safety center advisory committee. The advisory committee shall
6 select a chair.

7 (C) The school safety center advisory committee shall develop a
8 training program, using the best practices in school safety, for all
9 school safety personnel.

10 (iii) A maximum of \$100,000 of the general fund--state
11 appropriation for fiscal year 2004 and a maximum of \$100,000 of the
12 general fund--state appropriation for fiscal year 2005 are provided for
13 a school safety training program provided by the criminal justice
14 training commission subject to the following conditions and
15 limitations:

16 (A) The criminal justice training commission with assistance of the
17 school safety center advisory committee established in section
18 2(b)(iii) of this section shall develop manuals and curricula for a
19 training program for all school safety personnel.

20 (B) The Washington state criminal justice training commission, in
21 collaboration with the advisory committee, shall provide the school
22 safety training for all school administrators and school safety
23 personnel, including school safety personnel hired after the effective
24 date of this section.

25 *(iv) \$400,000 of the general fund--federal appropriation*
26 *transferred from the department of health is provided for a program*
27 *that provides grants to school districts for media campaigns promoting*
28 *sexual abstinence and addressing the importance of delaying sexual*
29 *activity, pregnancy, and childbearing until individuals are ready to*
30 *nurture and support their children. Grants to the school districts*
31 *shall be for projects that are substantially designed and produced by*
32 *students. The grants shall require a local private sector match equal*
33 *to one-half of the state grant, which may include in-kind contribution*
34 *of technical or other assistance from consultants or firms involved in*
35 *public relations, advertising, broadcasting, and graphics or video*
36 *production or other related fields.*

37 (v) \$13,663,000 of the general fund--federal appropriation is

1 provided for safe and drug free schools and communities grants for drug
2 and violence prevention activities and strategies.

3 (vi) A maximum of \$146,000 of the general fund--state appropriation
4 for fiscal year 2004 and a maximum of \$146,000 of the general fund--
5 state appropriation for fiscal year 2005 are provided for a nonviolence
6 and leadership training program provided by the institute for community
7 leadership. The program shall provide the following:

8 (A) Statewide nonviolence leadership coaches training program for
9 certification of educational employees and community members in
10 nonviolence leadership workshops;

11 (B) Statewide leadership nonviolence student exchanges, training,
12 and speaking opportunities for student workshop participants; and

13 (C) A request for proposal process, with up to 80 percent funding,
14 for nonviolence leadership workshops serving at least 12 school
15 districts with direct programming in 36 elementary, middle, and high
16 schools throughout Washington state.

17 (b) TECHNOLOGY

18 A maximum of \$1,939,000 of the general fund--state appropriation
19 for fiscal year 2004 and a maximum of \$1,939,000 of the general fund--
20 state appropriation for fiscal year 2005 are provided for K-20
21 telecommunications network technical support in the K-12 sector to
22 prevent system failures and avoid interruptions in school utilization
23 of the data processing and video-conferencing capabilities of the
24 network. These funds may be used to purchase engineering and advanced
25 technical support for the network.

26 (c) GRANTS AND ALLOCATIONS

27 (i) \$306,000 of the fiscal year 2004 appropriation and \$689,000 of
28 the fiscal year 2005 appropriation are provided solely for the special
29 services pilot projects provided by Second Substitute House Bill No.
30 2012 (special services pilot program). The office of the
31 superintendent of public instruction shall allocate these funds to the
32 district or districts participating in the pilot program according to
33 the provisions of section 2 subsection (4) of Second Substitute House
34 Bill No. 2012, chapter 33, Laws of 2003.

35 (ii) A maximum of \$761,000 of the general fund--state appropriation
36 for fiscal year 2004 and a maximum of \$757,000 of the general fund--
37 state appropriation for fiscal year 2005 are provided for alternative
38 certification routes. Funds may be used by the professional educator

1 standards board to continue existing alternative-route grant programs
2 and to create new alternative-route programs in regions of the state
3 with service shortages.

4 (iii) A maximum of \$31,000 of the general fund--state appropriation
5 for fiscal year 2004 and a maximum of \$31,000 of the general fund--
6 state appropriation for fiscal year 2005 are provided for operation of
7 the Cispus environmental learning center.

8 (iv) A maximum of \$1,224,000 of the general fund--state
9 appropriation for fiscal year 2004 and a maximum of \$1,224,000 of the
10 general fund--state appropriation for fiscal year 2005 are provided for
11 in-service training and educational programs conducted by the Pacific
12 Science Center.

13 (v) A maximum of \$1,079,000 of the general fund--state
14 appropriation for fiscal year 2004 and a maximum of \$1,079,000 of the
15 general fund--state appropriation for fiscal year 2005 are provided for
16 the Washington state leadership assistance for science education reform
17 (LASER) regional partnership coordinated at the Pacific Science Center.

18 (vi) A maximum of \$97,000 of the general fund--state appropriation
19 for fiscal year 2004 and a maximum of \$97,000 of the general fund--
20 state appropriation for fiscal year 2005 are provided to support
21 vocational student leadership organizations.

22 (vii) A maximum of \$146,000 of the general fund--state
23 appropriation for fiscal year 2004 and a maximum of \$146,000 of the
24 general fund--state appropriation for fiscal year 2005 are provided for
25 the Washington civil liberties education program.

26 (viii) \$500,000 of the general fund--state appropriation for fiscal
27 year 2004 and \$500,000 of the general fund--state appropriation for
28 fiscal year 2005 are provided solely for the Washington state achievers
29 scholarship program. The funds shall be used to support community
30 involvement officers that recruit, train, and match community volunteer
31 mentors with students selected as achievers scholars.

32 (ix) \$1,433,000 of the general fund--federal appropriation is
33 provided for the advanced placement fee program to increase
34 opportunities for low-income students and under-represented populations
35 to participate in advanced placement courses and to increase the
36 capacity of schools to provide advanced placement courses to students.

37 (x) \$9,510,000 of the general fund--federal appropriation is
38 provided for comprehensive school reform demonstration projects to

1 provide grants to low-income schools for improving student achievement
2 through adoption and implementation of research-based curricula and
3 instructional programs.

4 (xi) \$12,977,000 of the general fund--federal appropriation is
5 provided for 21st century learning center grants, providing after-
6 school and inter-session activities for students.

**Sec. 501 was partially vetoed. See message at end of chapter.*

7 NEW SECTION. **Sec. 502. FOR THE SUPERINTENDENT OF PUBLIC**
8 **INSTRUCTION--FOR GENERAL APPORTIONMENT**

9	General Fund--State Appropriation (FY 2004)	\$3,969,407,000
10	General Fund--State Appropriation (FY 2005)	\$3,977,209,000
11	TOTAL APPROPRIATION	\$7,946,616,000

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

14 (1) Each general fund fiscal year appropriation includes such funds
15 as are necessary to complete the school year ending in the fiscal year
16 and for prior fiscal year adjustments.

17 (2) Allocations for certificated staff salaries for the 2003-04 and
18 2004-05 school years shall be determined using formula-generated staff
19 units calculated pursuant to this subsection. Staff allocations for
20 small school enrollments in (d) through (f) of this subsection shall be
21 reduced for vocational full-time equivalent enrollments. Staff
22 allocations for small school enrollments in grades K-6 shall be the
23 greater of that generated under (a) of this subsection, or under (d)
24 and (e) of this subsection. Certificated staffing allocations shall be
25 as follows:

26 (a) On the basis of each 1,000 average annual full-time equivalent
27 enrollments, excluding full-time equivalent enrollment otherwise
28 recognized for certificated staff unit allocations under (c) through
29 (f) of this subsection:

30 (i) Four certificated administrative staff units per thousand full-
31 time equivalent students in grades K-12;

32 (ii) 49 certificated instructional staff units per thousand full-
33 time equivalent students in grades K-3;

34 (iii) Forty-six certificated instructional staff units per thousand
35 full-time equivalent students in grades 4-12; and

36 (iv) An additional 4.2 certificated instructional staff units for
37 grades K-3 and an additional 7.2 certificated instructional staff units

1 for grade 4. Any funds allocated for the additional certificated units
2 provided in this subsection (iv) shall not be considered as basic
3 education funding;

4 (v) For class size reduction and expanded learning opportunities
5 under the better schools program, an additional 0.8 certificated
6 instructional staff units for the 2003-04 school year for grades K-4
7 per thousand full-time equivalent students. Funds allocated for these
8 additional certificated units shall not be considered as basic
9 education funding. The allocation may be used for reducing class sizes
10 in grades K-4 or to provide additional classroom contact hours for
11 kindergarten, before-and-after-school programs, weekend school
12 programs, summer school programs, and intercession opportunities to
13 assist elementary school students in meeting the essential academic
14 learning requirements and student assessment performance standards.
15 For purposes of this subsection, additional classroom contact hours
16 provided by teachers beyond the normal school day under a supplemental
17 contract shall be converted to a certificated full-time equivalent by
18 dividing the classroom contact hours by 900.

19 (A) Funds provided under this subsection (2)(a)(iv) and (v) in
20 excess of the amount required to maintain the statutory minimum ratio
21 established under RCW 28A.150.260(2)(b) shall be allocated only if the
22 district documents an actual ratio in grades K-4 equal to or greater
23 than 54.0 certificated instructional staff per thousand full-time
24 equivalent students in the 2003-04 school year and 53.2 certificated
25 instructional staff per thousand full-time equivalent students in the
26 2004-05 school year. For any school district documenting a lower
27 certificated instructional staff ratio, the allocation shall be based
28 on the district's actual grades K-4 certificated instructional staff
29 ratio achieved in that school year, or the statutory minimum ratio
30 established under RCW 28A.150.260(2)(b), if greater;

31 (B) Districts at or above 51.0 certificated instructional staff per
32 one thousand full-time equivalent students in grades K-4 may dedicate
33 up to 1.3 of the 54.0 funding ratio in the 2003-04 school year, and up
34 to 1.3 of the 53.2 funding ratio in the 2004-05 school year, to employ
35 additional classified instructional assistants assigned to basic
36 education classrooms in grades K-4. For purposes of documenting a
37 district's staff ratio under this section, funds used by the district
38 to employ additional classified instructional assistants shall be

1 converted to a certificated staff equivalent and added to the
2 district's actual certificated instructional staff ratio. Additional
3 classified instructional assistants, for the purposes of this
4 subsection, shall be determined using the 1989-90 school year as the
5 base year;

6 (C) Any district maintaining a ratio in grades K-4 equal to or
7 greater than 54.0 certificated instructional staff per thousand full-
8 time equivalent students in the 2003-04 school year and 53.2
9 certificated instructional staff per thousand full-time equivalent
10 students in the 2004-05 school year may use allocations generated under
11 this subsection (2)(a)(iv) and (v) in excess of that required to
12 maintain the minimum ratio established under RCW 28A.150.260(2)(b) to
13 employ additional basic education certificated instructional staff or
14 classified instructional assistants in grades 5-6. Funds allocated
15 under this subsection (2)(a)(iv) and (v) shall only be expended to
16 reduce class size in grades K-6. No more than 1.3 of the certificated
17 instructional funding ratio amount may be expended for provision of
18 classified instructional assistants;

19 (b) For school districts with a minimum enrollment of 250 full-time
20 equivalent students whose full-time equivalent student enrollment count
21 in a given month exceeds the first of the month full-time equivalent
22 enrollment count by 5 percent, an additional state allocation of 110
23 percent of the share that such increased enrollment would have
24 generated had such additional full-time equivalent students been
25 included in the normal enrollment count for that particular month;

26 (c)(i) On the basis of full-time equivalent enrollment in:

27 (A) Vocational education programs approved by the superintendent of
28 public instruction, a maximum of 0.92 certificated instructional staff
29 units and 0.08 certificated administrative staff units for each 19.5
30 full-time equivalent vocational students; and

31 (B) Skills center programs meeting the standards for skills center
32 funding established in January 1999 by the superintendent of public
33 instruction, 0.92 certificated instructional staff units and 0.08
34 certificated administrative units for each 16.67 full-time equivalent
35 vocational students;

36 (ii) Vocational full-time equivalent enrollment shall be reported
37 on the same monthly basis as the enrollment for students eligible for

1 basic support, and payments shall be adjusted for reported vocational
2 enrollments on the same monthly basis as those adjustments for
3 enrollment for students eligible for basic support; and

4 (iii) Indirect cost charges by a school district to vocational-
5 secondary programs shall not exceed 15 percent of the combined basic
6 education and vocational enhancement allocations of state funds;

7 (d) For districts enrolling not more than twenty-five average
8 annual full-time equivalent students in grades K-8, and for small
9 school plants within any school district which have been judged to be
10 remote and necessary by the state board of education and enroll not
11 more than twenty-five average annual full-time equivalent students in
12 grades K-8:

13 (i) For those enrolling no students in grades 7 and 8, 1.76
14 certificated instructional staff units and 0.24 certificated
15 administrative staff units for enrollment of not more than five
16 students, plus one-twentieth of a certificated instructional staff unit
17 for each additional student enrolled; and

18 (ii) For those enrolling students in grades 7 or 8, 1.68
19 certificated instructional staff units and 0.32 certificated
20 administrative staff units for enrollment of not more than five
21 students, plus one-tenth of a certificated instructional staff unit for
22 each additional student enrolled;

23 (e) For specified enrollments in districts enrolling more than
24 twenty-five but not more than one hundred average annual full-time
25 equivalent students in grades K-8, and for small school plants within
26 any school district which enroll more than twenty-five average annual
27 full-time equivalent students in grades K-8 and have been judged to be
28 remote and necessary by the state board of education:

29 (i) For enrollment of up to sixty annual average full-time
30 equivalent students in grades K-6, 2.76 certificated instructional
31 staff units and 0.24 certificated administrative staff units; and

32 (ii) For enrollment of up to twenty annual average full-time
33 equivalent students in grades 7 and 8, 0.92 certificated instructional
34 staff units and 0.08 certificated administrative staff units;

35 (f) For districts operating no more than two high schools with
36 enrollments of less than three hundred average annual full-time
37 equivalent students, for enrollment in grades 9-12 in each such school,
38 other than alternative schools:

1 (i) For remote and necessary schools enrolling students in any
2 grades 9-12 but no more than twenty-five average annual full-time
3 equivalent students in grades K-12, four and one-half certificated
4 instructional staff units and one-quarter of a certificated
5 administrative staff unit;

6 (ii) For all other small high schools under this subsection, nine
7 certificated instructional staff units and one-half of a certificated
8 administrative staff unit for the first sixty average annual full time
9 equivalent students, and additional staff units based on a ratio of
10 0.8732 certificated instructional staff units and 0.1268 certificated
11 administrative staff units per each additional forty-three and one-half
12 average annual full time equivalent students.

13 Units calculated under (f)(ii) of this subsection shall be reduced
14 by certificated staff units at the rate of forty-six certificated
15 instructional staff units and four certificated administrative staff
16 units per thousand vocational full-time equivalent students;

17 (g) For each nonhigh school district having an enrollment of more
18 than seventy annual average full-time equivalent students and less than
19 one hundred eighty students, operating a grades K-8 program or a grades
20 1-8 program, an additional one-half of a certificated instructional
21 staff unit; and

22 (h) For each nonhigh school district having an enrollment of more
23 than fifty annual average full-time equivalent students and less than
24 one hundred eighty students, operating a grades K-6 program or a grades
25 1-6 program, an additional one-half of a certificated instructional
26 staff unit.

27 (3) Allocations for classified salaries for the 2003-04 and 2004-05
28 school years shall be calculated using formula-generated classified
29 staff units determined as follows:

30 (a) For enrollments generating certificated staff unit allocations
31 under subsection (2)(d) through (h) of this section, one classified
32 staff unit for each three certificated staff units allocated under such
33 subsections;

34 (b) For all other enrollment in grades K-12, including vocational
35 full-time equivalent enrollments, one classified staff unit for each
36 sixty average annual full-time equivalent students; and

37 (c) For each nonhigh school district with an enrollment of more

1 than fifty annual average full-time equivalent students and less than
2 one hundred eighty students, an additional one-half of a classified
3 staff unit.

4 (4) Fringe benefit allocations shall be calculated at a rate of
5 9.68 percent in the 2003-04 school year and 9.68 percent in the 2004-05
6 school year for certificated salary allocations provided under
7 subsection (2) of this section, and a rate of 12.25 percent in the
8 2003-04 school year and 12.25 percent in the 2004-05 school year for
9 classified salary allocations provided under subsection (3) of this
10 section.

11 (5) Insurance benefit allocations shall be calculated at the
12 maintenance rate specified in section 504(2) of this act, based on the
13 number of benefit units determined as follows:

14 (a) The number of certificated staff units determined in subsection
15 (2) of this section; and

16 (b) The number of classified staff units determined in subsection
17 (3) of this section multiplied by 1.152. This factor is intended to
18 adjust allocations so that, for the purposes of distributing insurance
19 benefits, full-time equivalent classified employees may be calculated
20 on the basis of 1440 hours of work per year, with no individual
21 employee counted as more than one full-time equivalent.

22 (6)(a) For nonemployee-related costs associated with each
23 certificated staff unit allocated under subsection (2)(a), (b), and (d)
24 through (h) of this section, there shall be provided a maximum of
25 \$8,785 per certificated staff unit in the 2003-04 school year and a
26 maximum of \$8,952 per certificated staff unit in the 2004-05 school
27 year.

28 (b) For nonemployee-related costs associated with each vocational
29 certificated staff unit allocated under subsection (2)(c)(i)(A) of this
30 section, there shall be provided a maximum of \$21,573 per certificated
31 staff unit in the 2003-04 school year and a maximum of \$21,983 per
32 certificated staff unit in the 2004-05 school year.

33 (c) For nonemployee-related costs associated with each vocational
34 certificated staff unit allocated under subsection (2)(c)(i)(B) of this
35 section, there shall be provided a maximum of \$16,739 per certificated
36 staff unit in the 2003-04 school year and a maximum of \$17,057 per
37 certificated staff unit in the 2004-05 school year.

1 (7) Allocations for substitute costs for classroom teachers shall
2 be distributed at a maintenance rate of \$531.09 for the 2003-04 and
3 2004-05 school years per allocated classroom teachers exclusive of
4 salary increase amounts provided in section 504 of this act. Solely
5 for the purposes of this subsection, allocated classroom teachers shall
6 be equal to the number of certificated instructional staff units
7 allocated under subsection (2) of this section, multiplied by the ratio
8 between the number of actual basic education certificated teachers and
9 the number of actual basic education certificated instructional staff
10 reported statewide for the prior school year.

11 (8) Any school district board of directors may petition the
12 superintendent of public instruction by submission of a resolution
13 adopted in a public meeting to reduce or delay any portion of its basic
14 education allocation for any school year. The superintendent of public
15 instruction shall approve such reduction or delay if it does not impair
16 the district's financial condition. Any delay shall not be for more
17 than two school years. Any reduction or delay shall have no impact on
18 levy authority pursuant to RCW 84.52.0531 and local effort assistance
19 pursuant to chapter 28A.500 RCW.

20 (9) The superintendent may distribute a maximum of \$6,392,000
21 outside the basic education formula during fiscal years 2004 and 2005
22 as follows:

23 (a) For fire protection for school districts located in a fire
24 protection district as now or hereafter established pursuant to chapter
25 52.04 RCW, a maximum of \$495,000 may be expended in fiscal year 2004
26 and a maximum of \$504,000 may be expended in fiscal year 2005;

27 (b) For summer vocational programs at skills centers, a maximum of
28 \$2,035,000 may be expended for the 2004 fiscal year and a maximum of
29 \$2,035,000 for the 2005 fiscal year;

30 (c) A maximum of \$353,000 may be expended for school district
31 emergencies; and

32 (d) A maximum of \$485,000 each fiscal year may be expended for
33 programs providing skills training for secondary students who are
34 enrolled in extended day school-to-work programs, as approved by the
35 superintendent of public instruction. The funds shall be allocated at
36 a rate not to exceed \$500 per full-time equivalent student enrolled in
37 those programs.

1 (10) For purposes of RCW 84.52.0531, the increase per full-time
2 equivalent student is 3.4 percent from the 2002-03 school year to the
3 2003-04 school year and 2.5 percent from the 2003-04 school year to the
4 2004-05 school year.

5 (11) If two or more school districts consolidate and each district
6 was receiving additional basic education formula staff units pursuant
7 to subsection (2)(b) through (h) of this section, the following shall
8 apply:

9 (a) For three school years following consolidation, the number of
10 basic education formula staff units shall not be less than the number
11 of basic education formula staff units received by the districts in the
12 school year prior to the consolidation; and

13 (b) For the fourth through eighth school years following
14 consolidation, the difference between the basic education formula staff
15 units received by the districts for the school year prior to
16 consolidation and the basic education formula staff units after
17 consolidation pursuant to subsection (2)(a) through (h) of this section
18 shall be reduced in increments of twenty percent per year.

19 (12) \$159,000 of the general fund--state appropriation for fiscal
20 year 2004 and \$1,181,000 of the general fund--state appropriation for
21 fiscal year 2005 are provided solely for the implementation of
22 Substitute Senate Bill No. 5012 (charter schools). If the bill is not
23 enacted by June 30, 2003, the amounts provided in this subsection shall
24 lapse.

25 NEW SECTION. **Sec. 503. FOR THE SUPERINTENDENT OF PUBLIC**
26 **INSTRUCTION--BASIC EDUCATION EMPLOYEE COMPENSATION.** (1) The following
27 calculations determine the salaries used in the general fund
28 allocations for certificated instructional, certificated
29 administrative, and classified staff units under section 502 of this
30 act:

31 (a) Salary allocations for certificated instructional staff units
32 shall be determined for each district by multiplying the district's
33 certificated instructional total base salary shown on LEAP Document 12E
34 by the district's average staff mix factor for certificated
35 instructional staff in that school year, computed using LEAP Document
36 1Sa for the 2003-04 school year and LEAP Document 1Sb for the 2004-05
37 school year; and

1 (b) Salary allocations for certificated administrative staff units
2 and classified staff units for each district shall be based on the
3 district's certificated administrative and classified salary allocation
4 amounts shown on LEAP Document 12E.

5 (2) For the purposes of this section:

6 (a) "LEAP Document 1Sa" means the computerized tabulation
7 establishing staff mix factors for certificated instructional staff for
8 the 2003-04 school year according to education and years of experience,
9 as developed by the legislative evaluation and accountability program
10 committee on March 31, 2003, at 09:06 hours;

11 (b) "LEAP Document 1Sb" means the computerized tabulation
12 establishing staff mix factors for certificated instructional staff for
13 the 2004-05 school year according to education and years of experience,
14 as developed by the legislative evaluation and accountability program
15 committee on March 31, 2003, at 09:06 hours; and

16 (c) "LEAP Document 12E" means the computerized tabulation of 2003-
17 04 and 2004-05 school year salary allocations for certificated
18 administrative staff and classified staff and derived and total base
19 salaries for certificated instructional staff as developed by the
20 legislative evaluation and accountability program committee on March
21 31, 2003, at 09:06 hours.

22 (3) Incremental fringe benefit factors shall be applied to salary
23 adjustments at a rate of 9.04 percent for school year 2003-04 and 9.04
24 percent for school year 2004-05 for certificated staff and for
25 classified staff 8.75 percent for school year 2003-04 and 8.75 percent
26 for the 2004-05 school year.

27 (4)(a) Pursuant to RCW 28A.150.410, the following state-wide salary
28 allocation schedules for certificated instructional staff are
29 established for basic education salary allocations:

30 K-12 Salary Allocation Schedule For Certificated Instructional Staff
31 2003-04 School Year

32 Years of										33 MA+90
34 Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	or PHD	
35 0	29,149	29,936	30,752	31,568	34,192	35,881	34,947	37,570		39,262
36 1	29,540	30,339	31,165	32,019	34,669	36,350	35,335	37,985		39,665

1	2	30,060	30,870	31,709	32,633	35,289	36,995	35,901	38,556	40,262
2	3	30,747	31,574	32,429	33,392	36,069	37,833	36,630	39,306	41,071
3	4	31,285	32,151	33,017	34,018	36,724	38,510	37,208	39,914	41,701
4	5	31,840	32,716	33,594	34,655	37,365	39,196	37,798	40,509	42,340
5	6	32,251	33,108	34,016	35,131	37,827	39,667	38,213	40,910	42,750
6	7	33,139	34,012	34,937	36,118	38,868	40,769	39,185	41,934	43,836
7	8	34,202	35,122	36,069	37,348	40,135	42,106	40,414	43,202	45,172
8	9		36,272	37,266	38,591	41,443	43,481	41,656	44,510	46,548
9	10			38,477	39,898	42,788	44,894	42,964	45,855	47,960
10	11				41,243	44,196	46,344	44,309	47,263	49,410
11	12				42,545	45,642	47,854	45,707	48,708	50,921
12	13					47,123	49,401	47,154	50,189	52,467
13	14					48,611	51,006	48,644	51,775	54,073
14	15					49,876	52,333	49,908	53,121	55,479
15	16 or More					50,873	53,379	50,906	54,183	56,588

K-12 Salary Allocation Schedule For Certificated Instructional Staff
2004-05 School Year

18	Years of										MA+90
19	Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	or PHD	
21	0	30,023	30,834	31,674	32,516	35,218	36,958	35,995	38,697	40,439	
22	1	30,427	31,249	32,100	32,979	35,709	37,440	36,395	39,125	40,855	
23	2	30,812	31,642	32,502	33,449	36,171	37,920	36,798	39,520	41,269	
24	3	31,209	32,047	32,916	33,893	36,610	38,401	37,180	39,895	41,687	
25	4	31,598	32,473	33,347	34,358	37,091	38,895	37,580	40,313	42,118	
26	5	32,000	32,879	33,762	34,829	37,552	39,392	37,987	40,711	42,551	
27	6	32,413	33,273	34,186	35,306	38,016	39,866	38,404	41,114	42,963	
28	7	33,139	34,012	34,937	36,118	38,868	40,769	39,185	41,934	43,836	
29	8	34,202	35,122	36,069	37,348	40,135	42,106	40,414	43,202	45,172	
30	9		36,272	37,266	38,591	41,443	43,481	41,656	44,510	46,548	
31	10			38,477	39,898	42,788	44,894	42,964	45,855	47,960	
32	11				41,243	44,196	46,344	44,309	47,263	49,410	
33	12				42,545	45,642	47,854	45,707	48,708	50,921	
34	13					47,123	49,401	47,154	50,189	52,467	
35	14					48,611	51,006	48,644	51,775	54,073	
36	15					49,876	52,333	49,908	53,121	55,479	
37	16 or More					50,873	53,379	50,906	54,183	56,588	

1 (b) As used in this subsection, the column headings "BA+(N)" refer
2 to the number of credits earned since receiving the baccalaureate
3 degree.

4 (c) For credits earned after the baccalaureate degree but before
5 the masters degree, any credits in excess of forty-five credits may be
6 counted after the masters degree. Thus, as used in this subsection,
7 the column headings "MA+(N)" refer to the total of:

8 (i) Credits earned since receiving the masters degree; and

9 (ii) Any credits in excess of forty-five credits that were earned
10 after the baccalaureate degree but before the masters degree.

11 (5) For the purposes of this section:

12 (a) "BA" means a baccalaureate degree.

13 (b) "MA" means a masters degree.

14 (c) "PHD" means a doctorate degree.

15 (d) "Years of service" shall be calculated under the same rules
16 adopted by the superintendent of public instruction.

17 (e) "Credits" means college quarter hour credits and equivalent in-
18 service credits computed in accordance with RCW 28A.415.020 and
19 28A.415.023.

20 (6) No more than ninety college quarter-hour credits received by
21 any employee after the baccalaureate degree may be used to determine
22 compensation allocations under the state salary allocation schedule and
23 LEAP documents referenced in this act, or any replacement schedules and
24 documents, unless:

25 (a) The employee has a masters degree; or

26 (b) The credits were used in generating state salary allocations
27 before January 1, 1992.

28 (7) The certificated instructional staff base salary specified for
29 each district in LEAP Document 12E and the salary schedules in
30 subsection (4)(a) of this section include two learning improvement
31 days. A school district is eligible for the learning improvement day
32 funds only if the learning improvement days have been added to the 180-
33 day contract year. If fewer days are added, the additional learning
34 improvement allocation shall be adjusted accordingly. The additional
35 days shall be for activities related to improving student learning
36 consistent with education reform implementation, and shall not be
37 considered part of basic education. The length of a learning
38 improvement day shall not be less than the length of a full day under

1 the base contract. The superintendent of public instruction shall
2 ensure that school districts adhere to the intent and purposes of this
3 subsection.

4 (8) The salary allocation schedules established in this section are
5 for allocation purposes only except as provided in RCW 28A.400.200(2),
6 subsection (7) of this section, and section 504(1) of this act.

7 NEW SECTION. **Sec. 504. FOR THE SUPERINTENDENT OF PUBLIC**
8 **INSTRUCTION--FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS**

9	General Fund--State Appropriation (FY 2004)	\$28,511,000
10	General Fund--State Appropriation (FY 2005)	\$116,670,000
11	General Fund--Federal Appropriation	\$559,000
12	TOTAL APPROPRIATION	\$145,740,000

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

15 (1) \$8,913,000 of the general fund--state appropriation for fiscal
16 year 2004 and \$20,238,000 of the general fund--state appropriation for
17 fiscal year 2005 are provided solely to provide a salary adjustment for
18 state formula certificated instructional staff units in their first
19 seven years of service. Consistent with the statewide certificated
20 instructional staff salary allocation schedule in section 503 of this
21 act, sufficient funding is provided to increase the salary of
22 certificated instructional staff units in the 2003-04 school year and
23 the 2004-05 school year by the following percentages: Three percent
24 for certificated instructional staff in their first and second years of
25 service; two and one-half percent for certificated instructional staff
26 in their third year of service; one and one-half percent for
27 certificated instructional staff in their fourth year of service; one
28 percent for certificated instructional staff in their fifth year of
29 service; and one-half of a percent for certificated instructional staff
30 in their sixth and seventh years of service. These increases will take
31 effect September 1, 2003 and September 1, 2004.

32 (a) In order to receive funding provided in this subsection, school
33 districts shall certify to the office of superintendent of public
34 instruction that they will provide the percentage increases in the
35 amounts specified in this subsection. In cases where a school district
36 providing the increases in the amounts specified in this subsection
37 would cause that school district to be out of compliance with RCW

1 28A.400.200, they may provide salary increases in different amounts but
 2 only to the extent necessary to come into compliance with RCW
 3 28A.400.200. Funds provided in this subsection shall be used
 4 exclusively for providing the percentage increases specified in this
 5 subsection to the certificated staff units in their first seven years
 6 of service and shall not be used to supplant any other state or local
 7 funding for compensation for these staff.

8 (b) The appropriations include associated incremental fringe
 9 benefit allocations at rates of 9.04 percent for school year 2003-04
 10 and 9.04 percent for school year 2004-05 for certificated staff.
 11 Increases for general apportionment (basic education) are based on the
 12 salary allocation schedules and methodology in sections 502 and 503 of
 13 this act. Increases for special education result from increases in
 14 each district's basic education allocation per student. Increases for
 15 educational service districts and institutional education programs are
 16 determined by the superintendent of public instruction using the
 17 methodology for general apportionment salaries and benefits in sections
 18 502 and 503 of this act.

19 (2) The appropriations in this section provide salary adjustments
 20 and incremental fringe benefit allocations based on formula adjustments
 21 as follows:

	School Year	
	2003-04	2004-05
24 Highly Capable (per formula student)	\$0.93	\$1.89
25 Transitional Bilingual Education (per eligible bilingual student)	\$2.45	\$4.97
26 Learning Assistance (per entitlement unit)	\$0.69	\$1.40

27 (3) \$116,483,000 is provided for adjustments to insurance benefit
 28 allocations. The maintenance rate for insurance benefit allocations is
 29 \$457.07 per month for the 2003-04 and 2004-05 school years. The
 30 appropriations in this section provide for a rate increase to \$481.31
 31 per month for the 2003-04 school year and \$570.74 per month for the
 32 2004-05 school year at the following rates:

	School Year	
	2003-04	2004-05

1	Pupil Transportation (per weighted pupil mile)	\$0.22	\$1.03
2	Highly Capable (per formula student)	\$1.52	\$7.00
3	Transitional Bilingual Education (per eligible bilingual student)	\$3.92	\$18.40
4	Learning Assistance (per entitlement unit)	\$3.08	\$14.46

5 (4) The rates specified in this section are subject to revision
6 each year by the legislature.

7 NEW SECTION. **Sec. 505. FOR THE SUPERINTENDENT OF PUBLIC**
8 **INSTRUCTION--FOR PUPIL TRANSPORTATION**

9	General Fund--State Appropriation (FY 2004)	\$201,638,000
10	General Fund--State Appropriation (FY 2005)	\$210,279,000
11	TOTAL APPROPRIATION	\$411,917,000

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

14 (1) Each general fund fiscal year appropriation includes such funds
15 as are necessary to complete the school year ending in the fiscal year
16 and for prior fiscal year adjustments.

17 (2) A maximum of \$768,000 of this fiscal year 2004 appropriation
18 and a maximum of \$782,000 of the fiscal year 2005 appropriation may be
19 expended for regional transportation coordinators and related
20 activities. The transportation coordinators shall ensure that data
21 submitted by school districts for state transportation funding shall,
22 to the greatest extent practical, reflect the actual transportation
23 activity of each district.

24 (3) \$5,000 of the fiscal year 2004 appropriation and \$5,000 of the
25 fiscal year 2005 appropriation are provided solely for the
26 transportation of students enrolled in "choice" programs.
27 Transportation shall be limited to low-income students who are
28 transferring to "choice" programs solely for educational reasons.

29 (4) Allocations for transportation of students shall be based on
30 reimbursement rates of \$39.21 per weighted mile in the 2003-04 school
31 year and \$39.43 per weighted mile in the 2004-05 school year exclusive
32 of salary and benefit adjustments provided in section 504 of this act.
33 Allocations for transportation of students transported more than one
34 radius mile shall be based on weighted miles as determined by
35 superintendent of public instruction multiplied by the per mile
36 reimbursement rates for the school year pursuant to the formulas

1 adopted by the superintendent of public instruction. Allocations for
2 transportation of students living within one radius mile shall be based
3 on the number of enrolled students in grades kindergarten through five
4 living within one radius mile of their assigned school multiplied by
5 the per mile reimbursement rate for the school year multiplied by 1.29.

6 (5) Beginning with busses purchased on or after July 1, 2003, the
7 office of superintendent of public instruction shall provide
8 reimbursement funding to a school district only after the
9 superintendent of public instruction determines that the school bus was
10 purchased from the list established pursuant to RCW 28A.160.195(2) or
11 a comparable competitive bid process based on the lowest price quote
12 based on similar bus categories to those used to establish the list
13 pursuant to RCW 28A.160.195. The competitive specifications shall meet
14 federal motor vehicle safety standards, minimum state specifications as
15 established by rule by the superintendent, and supported options as
16 determined by the superintendent in consultation with the regional
17 transportation coordinators of the educational service districts.

18 NEW SECTION. **Sec. 506. FOR THE SUPERINTENDENT OF PUBLIC**
19 **INSTRUCTION--FOR SCHOOL FOOD SERVICE PROGRAMS**

20	General Fund--State Appropriation (FY 2004)	\$3,100,000
21	General Fund--State Appropriation (FY 2005)	\$3,100,000
22	General Fund--Federal Appropriation	\$272,069,000
23	TOTAL APPROPRIATION	\$278,269,000

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

26 (1) \$3,000,000 of the general fund--state appropriation for fiscal
27 year 2004 and \$3,000,000 of the general fund--state appropriation for
28 fiscal year 2005 are provided for state matching money for federal
29 child nutrition programs.

30 (2) \$100,000 of the general fund--state appropriation for fiscal
31 year 2004 and \$100,000 of the 2005 fiscal year appropriation are
32 provided for summer food programs for children in low-income areas.

33 NEW SECTION. **Sec. 507. FOR THE SUPERINTENDENT OF PUBLIC**
34 **INSTRUCTION--FOR SPECIAL EDUCATION PROGRAMS**

35	General Fund--State Appropriation (FY 2004)	\$433,984,000
36	General Fund--State Appropriation (FY 2005)	\$427,214,000

1 General Fund--Federal Appropriation \$409,637,000
2 TOTAL APPROPRIATION \$1,270,835,000

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

5 (1) Funding for special education programs is provided on an excess
6 cost basis, pursuant to RCW 28A.150.390. School districts shall ensure
7 that special education students as a class receive their full share of
8 the general apportionment allocation accruing through sections 502 and
9 504 of this act. To the extent a school district cannot provide an
10 appropriate education for special education students under chapter
11 28A.155 RCW through the general apportionment allocation, it shall
12 provide services through the special education excess cost allocation
13 funded in this section.

14 (2)(a) The superintendent of public instruction shall use the
15 excess cost methodology developed and implemented for the 2001-02
16 school year using the S-275 personnel reporting system and all related
17 accounting requirements to ensure that:

- 18 (i) Special education students are basic education students first;
- 19 (ii) As a class, special education students are entitled to the
20 full basic education allocation; and
- 21 (iii) Special education students are basic education students for
22 the entire school day.

23 (b) The S-275 and accounting changes in effect since the 2001-02
24 school year shall supercede any prior excess cost methodologies and
25 shall be required of all school districts.

26 (3) Each fiscal year appropriation includes such funds as are
27 necessary to complete the school year ending in the fiscal year and for
28 prior fiscal year adjustments.

29 (4) The superintendent of public instruction shall distribute state
30 and federal funds to school districts based on two categories: The
31 optional birth through age two program for special education eligible
32 developmentally delayed infants and toddlers, and the mandatory special
33 education program for special education eligible students ages three to
34 twenty-one. A "special education eligible student" means a student
35 receiving specially designed instruction in accordance with a properly
36 formulated individualized education program.

37 (5)(a) For the 2003-04 and 2004-05 school years, the superintendent
38 shall make allocations to each district based on the sum of:

1 (i) A district's annual average headcount enrollment of
2 developmentally delayed infants and toddlers ages birth through two,
3 multiplied by the district's average basic education allocation per
4 full-time equivalent student, multiplied by 1.15; and

5 (ii) A district's annual average full-time equivalent basic
6 education enrollment multiplied by the funded enrollment percent
7 determined pursuant to subsection (6)(b) of this section, multiplied by
8 the district's average basic education allocation per full-time
9 equivalent student multiplied by 0.9309.

10 (b) For purposes of this subsection, "average basic education
11 allocation per full-time equivalent student" for a district shall be
12 based on the staffing ratios required by RCW 28A.150.260 and shall not
13 include enhancements, secondary vocational education, or small schools.

14 (6) The definitions in this subsection apply throughout this
15 section.

16 (a) "Annual average full-time equivalent basic education
17 enrollment" means the resident enrollment including students enrolled
18 through choice (RCW 28A.225.225) and students from nonhigh districts
19 (RCW 28A.225.210) and excluding students residing in another district
20 enrolled as part of an interdistrict cooperative program (RCW
21 28A.225.250).

22 (b) "Enrollment percent" means the district's resident special
23 education annual average enrollment, excluding the birth through age
24 two enrollment, as a percent of the district's annual average full-time
25 equivalent basic education enrollment.

26 Each district's general fund--state funded special education
27 enrollment shall be the lesser of the district's actual enrollment
28 percent or 12.7 percent. Increases in enrollment percent from 12.7
29 percent to 13.0 percent shall be funded from the general fund--federal
30 appropriation.

31 (7) At the request of any interdistrict cooperative of at least 15
32 districts in which all excess cost services for special education
33 students of the districts are provided by the cooperative, the maximum
34 enrollment percent shall be calculated in accordance with subsection
35 (6)(b) of this section, and shall be calculated in the aggregate rather
36 than individual district units. For purposes of this subsection, the
37 average basic education allocation per full-time equivalent student

1 shall be calculated in the aggregate rather than individual district
2 units.

3 (8) To the extent necessary, \$25,746,000 of the general fund--
4 federal appropriation is provided for safety net awards for districts
5 with demonstrated needs for state special education funding beyond the
6 amounts provided in subsection (5) of this section. If safety net
7 awards exceed the amount appropriated in this subsection (8), the
8 superintendent shall expend all available federal discretionary funds
9 necessary to meet this need. Safety net funds shall be awarded by the
10 state safety net oversight committee subject to the following
11 conditions and limitations:

12 (a) The committee shall consider unmet needs for districts that can
13 convincingly demonstrate that all legitimate expenditures for special
14 education exceed all available revenues from state funding formulas.
15 In the determination of need, the committee shall also consider
16 additional available revenues from federal and local sources.
17 Differences in program costs attributable to district philosophy,
18 service delivery choice, or accounting practices are not a legitimate
19 basis for safety net awards.

20 (b) The committee shall then consider the extraordinary high cost
21 needs of one or more individual special education students.
22 Differences in costs attributable to district philosophy, service
23 delivery choice, or accounting practices are not a legitimate basis for
24 safety net awards.

25 (c) The maximum allowable indirect cost for calculating safety net
26 eligibility may not exceed the federal restricted indirect cost rate
27 for the district plus one percent.

28 (d) Safety net awards shall be adjusted based on the percent of
29 potential medicaid eligible students billed as calculated by the
30 superintendent in accordance with chapter 318, Laws of 1999.

31 (e) Safety net awards must be adjusted for any audit findings or
32 exceptions related to special education funding.

33 (9) The superintendent of public instruction may adopt such rules
34 and procedures as are necessary to administer the special education
35 funding and safety net award process. Prior to revising any standards,
36 procedures, or rules, the superintendent shall consult with the office
37 of financial management and the fiscal committees of the legislature.

1 (10) The safety net oversight committee appointed by the
2 superintendent of public instruction shall consist of:

3 (a) One staff from the office of superintendent of public
4 instruction;

5 (b) Staff of the office of the state auditor; and

6 (c) One or more representatives from school districts or
7 educational service districts knowledgeable of special education
8 programs and funding.

9 (11) A maximum of \$678,000 may be expended from the general fund--
10 state appropriations to fund 5.43 full-time equivalent teachers and 2.1
11 full-time equivalent aides at children's orthopedic hospital and
12 medical center. This amount is in lieu of money provided through the
13 home and hospital allocation and the special education program.

14 (12) \$1,000,000 of the general fund--federal appropriation is
15 provided for projects to provide special education students with
16 appropriate job and independent living skills, including work
17 experience where possible, to facilitate their successful transition
18 out of the public school system. The funds provided by this subsection
19 shall be from federal discretionary grants.

20 (13) The superintendent shall maintain the percentage of federal
21 flow-through to school districts at 85 percent. In addition to other
22 purposes, school districts may use increased federal funds for high-
23 cost students, for purchasing regional special education services from
24 educational service districts, and for staff development activities
25 particularly relating to inclusion issues.

26 (14) A maximum of \$1,200,000 of the general fund--federal
27 appropriation may be expended by the superintendent for projects
28 related to use of inclusion strategies by school districts for
29 provision of special education services. The superintendent shall
30 prepare an information database on laws, best practices, examples of
31 programs, and recommended resources. The information may be
32 disseminated in a variety of ways, including workshops and other staff
33 development activities.

34 (15) A school district may carry over from one year to the next
35 year up to 10 percent of general fund--state funds allocated under this
36 program; however, carry over funds shall be expended in the special
37 education program.

1 NEW SECTION. **Sec. 508. FOR THE SUPERINTENDENT OF PUBLIC**
2 **INSTRUCTION--FOR EDUCATIONAL SERVICE DISTRICTS**

3	General Fund--State Appropriation (FY 2004)	\$3,538,000
4	General Fund--State Appropriation (FY 2005)	\$3,537,000
5	TOTAL APPROPRIATION	\$7,075,000

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

8 (1) The educational service districts shall continue to furnish
9 financial services required by the superintendent of public instruction
10 and RCW 28A.310.190 (3) and (4).

11 (2) The educational service districts, at the request of the state
12 board of education pursuant to RCW 28A.310.010 and 28A.310.340, may
13 receive and screen applications for school accreditation, conduct
14 school accreditation site visits pursuant to state board of education
15 rules, and submit to the state board of education post-site visit
16 recommendations for school accreditation. The educational service
17 districts may assess a cooperative service fee to recover actual plus
18 reasonable indirect costs for the purposes of this subsection.

19 NEW SECTION. **Sec. 509. FOR THE SUPERINTENDENT OF PUBLIC**
20 **INSTRUCTION--FOR LOCAL EFFORT ASSISTANCE**

21	General Fund--State Appropriation (FY 2004)	\$162,236,000
22	General Fund--State Appropriation (FY 2005)	\$167,073,000
23	TOTAL APPROPRIATION	\$329,309,000

24 NEW SECTION. **Sec. 510. FOR THE SUPERINTENDENT OF PUBLIC**
25 **INSTRUCTION--FOR INSTITUTIONAL EDUCATION PROGRAMS**

26	General Fund--State Appropriation (FY 2004)	\$18,596,000
27	General Fund--State Appropriation (FY 2005)	\$19,092,000
28	TOTAL APPROPRIATION	\$37,688,000

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

31 (1) Each general fund--state fiscal year appropriation includes
32 such funds as are necessary to complete the school year ending in the
33 fiscal year and for prior fiscal year adjustments.

34 (2) State funding provided under this section is based on salaries
35 and other expenditures for a 220-day school year. The superintendent

1 of public instruction shall monitor school district expenditure plans
2 for institutional education programs to ensure that districts plan for
3 a full-time summer program.

4 (3) State funding for each institutional education program shall be
5 based on the institution's annual average full-time equivalent student
6 enrollment. Staffing ratios for each category of institution shall
7 remain the same as those funded in the 1995-97 biennium.

8 (4) The funded staffing ratios for education programs for juveniles
9 age 18 or less in department of corrections facilities shall be the
10 same as those provided in the 1997-99 biennium.

11 (5) \$279,000 of the general fund--state appropriation for fiscal
12 year 2004 and \$286,000 of the general fund--state appropriation for
13 fiscal year 2005 are provided solely to maintain at least one
14 certificated instructional staff and related support services at an
15 institution whenever the K-12 enrollment is not sufficient to support
16 one full-time equivalent certificated instructional staff to furnish
17 the educational program. The following types of institutions are
18 included: Residential programs under the department of social and
19 health services for developmentally disabled juveniles, programs for
20 juveniles under the department of corrections, and programs for
21 juveniles under the juvenile rehabilitation administration.

22 (6) Ten percent of the funds allocated for each institution may be
23 carried over from one year to the next.

24 NEW SECTION. **Sec. 511. FOR THE SUPERINTENDENT OF PUBLIC**
25 **INSTRUCTION--FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS**

26	General Fund--State Appropriation (FY 2004)	\$6,597,000
27	General Fund--State Appropriation (FY 2005)	\$6,614,000
28	TOTAL APPROPRIATION	\$13,211,000

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

31 (1) Each general fund fiscal year appropriation includes such funds
32 as are necessary to complete the school year ending in the fiscal year
33 and for prior fiscal year adjustments.

34 (2) Allocations for school district programs for highly capable
35 students shall be distributed at a maximum rate of \$334.89 per funded
36 student for the 2003-04 school year and \$334.89 per funded student for
37 the 2004-05 school year, exclusive of salary and benefit adjustments

1 pursuant to section 504 of this act. The number of funded students
2 shall be a maximum of two percent of each district's full-time
3 equivalent basic education enrollment.

4 (3) \$170,000 of the fiscal year 2004 appropriation and \$170,000 of
5 the fiscal year 2005 appropriation are provided for the centrum program
6 at Fort Worden state park.

7 (4) \$90,000 of the fiscal year 2004 appropriation and \$90,000 of
8 the fiscal year 2005 appropriation are provided for the Washington
9 destination imagination network and future problem-solving programs.

10 NEW SECTION. **Sec. 512. FOR THE SUPERINTENDENT OF PUBLIC**
11 **INSTRUCTION--FOR MISCELLANEOUS PURPOSES UNDER THE ELEMENTARY AND**
12 **SECONDARY SCHOOL IMPROVEMENT ACT AND THE NO CHILD LEFT BEHIND ACT**

13 General Fund--Federal Appropriation \$46,198,000

14 NEW SECTION. **Sec. 513. FOR THE SUPERINTENDENT OF PUBLIC**
15 **INSTRUCTION--EDUCATION REFORM PROGRAMS**

16 General Fund--State Appropriation (FY 2004) \$39,107,000

17 General Fund--State Appropriation (FY 2005) \$36,501,000

18 General Fund--Federal Appropriation \$128,402,000

19 TOTAL APPROPRIATION \$204,010,000

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

22 (1) \$310,000 of the general fund--state appropriation for fiscal
23 year 2004 and \$310,000 of the general fund--state appropriation for
24 fiscal year 2005 are provided solely for the academic achievement and
25 accountability commission.

26 (2) \$16,050,000 of the general fund--state appropriation for fiscal
27 year 2004, \$12,511,000 of the general fund--state appropriation for
28 fiscal year 2005, and \$15,455,000 of the general fund--federal
29 appropriation are provided solely for development and implementation of
30 the Washington assessments of student learning. Of the general fund--
31 state amounts provided:

32 (a) \$222,000 in fiscal year 2004 and \$244,000 in fiscal year 2005
33 are for providing high school students who are not successful in one or
34 more content areas of the Washington assessment of student learning the
35 opportunity to retake the test and \$75,000 of the fiscal year 2004
36 appropriation is provided for developing alternative assessments as

1 provided in Engrossed Substitute House Bill No. 2195 (state academic
2 standards). If Engrossed Substitute House Bill No. 2195 is not enacted
3 by June 30, 2003, the amounts in this subsection (a) shall lapse.

4 (b) \$300,000 in fiscal year 2004 is for independent research on the
5 alignment and technical review of the reading, writing, and science
6 content areas of the Washington assessment of student learning, as
7 provided by Engrossed Substitute House Bill No. 2195 (state academic
8 standards). If Engrossed Substitute House Bill No. 2195 is not enacted
9 by June 30, 2003, the amount in this subsection (b) shall lapse.

10 (3) \$548,000 of the fiscal year 2004 general fund--state
11 appropriation and \$548,000 of the fiscal year 2005 general fund--state
12 appropriation are provided solely for training of paraprofessional
13 classroom assistants and certificated staff who work with classroom
14 assistants as provided in RCW 28A.415.310.

15 (4) \$2,348,000 of the general fund--state appropriation for fiscal
16 year 2004 and \$2,348,000 of the general fund--state appropriation for
17 fiscal year 2005 are provided solely for mentor teacher assistance,
18 including state support activities, under RCW 28A.415.250 and
19 28A.415.260, and for a mentor academy. Up to \$200,000 of the amount in
20 this subsection may be used each fiscal year to operate a mentor
21 academy to help districts provide effective training for peer mentors.
22 Funds for the teacher assistance program shall be allocated to school
23 districts based on the number of first year beginning teachers.

24 (a) A teacher assistance program is a program that provides to a
25 first year beginning teacher peer mentor services that include but are
26 not limited to:

27 (i) An orientation process and individualized assistance to help
28 beginning teachers who have been hired prior to the start of the school
29 year prepare for the start of a school year;

30 (ii) The assignment of a peer mentor whose responsibilities to the
31 beginning teacher include but are not limited to constructive feedback,
32 the modeling of instructional strategies, and frequent meetings and
33 other forms of contact;

34 (iii) The provision by peer mentors of strategies, training, and
35 guidance in critical areas such as classroom management, student
36 discipline, curriculum management, instructional skill, assessment,
37 communication skills, and professional conduct. A district may provide

1 these components through a variety of means including one-on-one
2 contact and workshops offered by peer mentors to groups, including
3 cohort groups, of beginning teachers;

4 (iv) The provision of release time, substitutes, mentor training in
5 observation techniques, and other measures for both peer mentors and
6 beginning teachers, to allow each an adequate amount of time to observe
7 the other and to provide the classroom experience that each needs to
8 work together effectively;

9 (v) Assistance in the incorporation of the essential academic
10 learning requirements into instructional plans and in the development
11 of complex teaching strategies, including strategies to raise the
12 achievement of students with diverse learning styles and backgrounds;
13 and

14 (vi) Guidance and assistance in the development and implementation
15 of a professional growth plan. The plan shall include a professional
16 self-evaluation component and one or more informal performance
17 assessments. A peer mentor may not be involved in any evaluation under
18 RCW 28A.405.100 of a beginning teacher whom the peer mentor has
19 assisted through this program.

20 (b) In addition to the services provided in (a) of this subsection,
21 an eligible peer mentor program shall include but is not limited to the
22 following components:

23 (i) Strong collaboration among the peer mentor, the beginning
24 teacher's principal, and the beginning teacher;

25 (ii) Stipends for peer mentors and, at the option of a district,
26 for beginning teachers. The stipends shall not be deemed compensation
27 for the purposes of salary lid compliance under RCW 28A.400.200 and are
28 not subject to the continuing contract provisions of Title 28A RCW; and

29 (iii) To the extent that resources are available for this purpose
30 and that assistance to beginning teachers is not adversely impacted,
31 the program may serve second year and more experienced teachers who
32 request the assistance of peer mentors.

33 (5) \$1,959,000 of the general fund--state appropriation for fiscal
34 year 2004 and \$1,959,000 of the general fund--state appropriation for
35 fiscal year 2005 are provided solely for improving technology
36 infrastructure, monitoring and reporting on school district technology
37 development, promoting standards for school district technology,
38 promoting statewide coordination and planning for technology

1 development, and providing regional educational technology support
2 centers, including state support activities, under chapter 28A.650 RCW.
3 The superintendent of public instruction shall coordinate a process to
4 facilitate the evaluation and provision of online curriculum courses to
5 school districts which includes the following: Creation of a general
6 listing of the types of available online curriculum courses; a survey
7 conducted by each regional educational technology support center of
8 school districts in its region regarding the types of online curriculum
9 courses desired by school districts; a process to evaluate and
10 recommend to school districts the best online courses in terms of
11 curriculum, student performance, and cost; and assistance to school
12 districts in procuring and providing the courses to students.

13 (6) \$3,594,000 of the general fund--state appropriation for fiscal
14 year 2004 and \$3,594,000 of the general fund--state appropriation for
15 fiscal year 2005 are provided solely for grants to school districts to
16 provide a continuum of care for children and families to help children
17 become ready to learn. Grant proposals from school districts shall
18 contain local plans designed collaboratively with community service
19 providers. If a continuum of care program exists in the area in which
20 the school district is located, the local plan shall provide for
21 coordination with existing programs to the greatest extent possible.
22 Grant funds shall be allocated pursuant to RCW 70.190.040.

23 (7) \$2,500,000 of the general fund--state appropriation for fiscal
24 year 2004 and \$2,500,000 of the general fund--state appropriation for
25 fiscal year 2005 are provided solely for the meals for kids program
26 under RCW 28A.235.145 through 28A.235.155.

27 (8) \$705,000 of the general fund--state appropriation for fiscal
28 year 2004 and \$705,000 of the general fund--state appropriation for
29 fiscal year 2005 are provided solely for the leadership internship
30 program for superintendents, principals, and program administrators.

31 (9) A maximum of \$250,000 of the general fund--state appropriation
32 for fiscal year 2004 and a maximum of \$250,000 of the general fund--
33 state appropriation for fiscal year 2005 are provided for summer
34 accountability institutes offered by the superintendent of public
35 instruction and the academic achievement and accountability commission.
36 The institutes shall provide school district staff with training in the
37 analysis of student assessment data, information regarding successful

1 district and school teaching models, research on curriculum and
2 instruction, and planning tools for districts to improve instruction in
3 reading, mathematics, language arts, and guidance and counseling.

4 (10) \$3,713,000 of the general fund--state appropriation for fiscal
5 year 2004 and \$3,713,000 of the general fund--state appropriation for
6 fiscal year 2005 are provided solely for the Washington reading corps
7 subject to the following conditions and limitations:

8 (a) Grants shall be allocated to schools and school districts to
9 implement proven, research-based mentoring and tutoring programs in
10 reading that may include research-based reading skills development
11 software for low-performing students in grades K-6. If the grant is
12 made to a school district, the principals of schools enrolling targeted
13 students shall be consulted concerning design and implementation of the
14 program.

15 (b) The programs may be implemented before, after, or during the
16 regular school day, or on Saturdays, summer, intercessions, or other
17 vacation periods.

18 (c) Two or more schools may combine their Washington reading corps
19 programs.

20 (d) A program is eligible for a grant if it meets the following
21 conditions:

22 (i) The program employs methods of teaching and student learning
23 based on reliable reading/literacy research and effective practices;

24 (ii) The program design is comprehensive and includes instruction,
25 on-going student assessment, professional development,
26 parental/community involvement, and program management aligned with the
27 school's reading curriculum;

28 (iii) It provides quality professional development and training for
29 teachers, staff, and volunteer mentors and tutors;

30 (iv) It has measurable goals for student reading aligned with the
31 essential academic learning requirements;

32 (v) It contains an evaluation component to determine the
33 effectiveness of the program; and

34 (vi) The program may include a software-based solution to increase
35 the student/tutor ratio to a minimum of 5:1. The selected software
36 program shall be scientifically researched-based.

37 (e) Funding priority shall be given to low-performing schools.

1 (f) Beginning and end-of-program testing data shall be available to
2 determine the effectiveness of funded programs and practices. Common
3 evaluative criteria across programs, such as grade-level improvements
4 shall be available for each reading corps program. The superintendent
5 of public instruction shall provide program evaluations to the governor
6 and the appropriate committees of the legislature. Administrative and
7 evaluation costs may be assessed from the annual appropriation for the
8 program.

9 (g) Grants provided under this section may be used by schools and
10 school districts for expenditures from September 2003 through August
11 31, 2005.

12 (11) \$1,564,000 of the general fund--state appropriation for fiscal
13 year 2004 and \$2,497,000 of the general fund--state appropriation for
14 fiscal year 2005 are provided solely for salary bonuses for teachers
15 who attain certification by the national board for professional
16 teaching standards, subject to the following conditions and
17 limitations:

18 (a) Teachers who hold a valid certificate from the national board
19 during the 2003-04 or 2004-05 school years shall receive an annual
20 bonus not to exceed \$3,500 in each of these school years in which they
21 hold a national board certificate.

22 (b) The annual bonus shall be paid in a lump sum amount and shall
23 not be included in the definition of "earnable compensation" under RCW
24 41.32.010(10).

25 (12) \$313,000 of the general fund--state appropriation for fiscal
26 year 2004 and \$313,000 of the general fund--state appropriation for
27 fiscal year 2005 are provided solely for a principal support program.
28 The office of the superintendent of public instruction may contract
29 with an independent organization to administer the program. The
30 program shall include: (a) Development of an individualized
31 professional growth plan for a new principal or principal candidate;
32 and (b) participation of a mentor principal who works over a period of
33 between one and three years with the new principal or principal
34 candidate to help him or her build the skills identified as critical to
35 the success of the professional growth plan.

36 (13) \$126,000 of the general fund--state appropriation for fiscal
37 year 2004 and \$126,000 of the general fund--state appropriation for

1 fiscal year 2005 are provided for the development and posting of web-
2 based instructional tools, assessment data, and other information that
3 assists schools and teachers implementing higher academic standards.

4 (14) \$3,046,000 of the general fund--state appropriation for fiscal
5 year 2004 and \$3,046,000 of the general fund--state appropriation for
6 fiscal year 2005 are provided solely to the office of the
7 superintendent of public instruction for focused assistance. The
8 office of the superintendent of public instruction shall conduct
9 educational audits of low-performing schools and enter into performance
10 agreements between school districts and the office to implement the
11 recommendations of the audit and the community. Each educational audit
12 shall include recommendations for best practices and ways to address
13 identified needs and shall be presented to the community in a public
14 meeting to seek input on ways to implement the audit and its
15 recommendations.

16 (15) \$1,764,000 of the general fund--state appropriation for fiscal
17 year 2004 and \$1,764,000 of the general fund--state appropriation for
18 fiscal year 2005 are provided solely for the mathematics helping corps
19 subject to the following conditions and limitations:

20 (a) In order to increase the availability and quality of technical
21 mathematics assistance statewide, the superintendent of public
22 instruction shall employ mathematics school improvement specialists to
23 provide assistance to schools and districts. The specialists shall be
24 hired by and work under the direction of a statewide school improvement
25 coordinator. The mathematics improvement specialists shall not be
26 permanent employees of the superintendent of public instruction.

27 (b) The school improvement specialists shall provide the following:

28 (i) Assistance to schools to disaggregate student performance data
29 and develop improvement plans based on those data;

30 (ii) Consultation with schools and districts concerning their
31 performance on the Washington assessment of student learning and other
32 assessments emphasizing the performance on the mathematics assessments;

33 (iii) Consultation concerning curricula that aligns with the
34 essential academic learning requirements emphasizing the academic
35 learning requirements for mathematics, the Washington assessment of
36 student learning, and meets the needs of diverse learners;

37 (iv) Assistance in the identification and implementation of
38 research-based instructional practices in mathematics;

1 (v) Staff training that emphasizes effective instructional
2 strategies and classroom-based assessment for mathematics;

3 (vi) Assistance in developing and implementing family and community
4 involvement programs emphasizing mathematics; and

5 (vii) Other assistance to schools and school districts intended to
6 improve student mathematics learning.

7 (16) \$87,901,000 of the general fund--federal appropriation is
8 provided for preparing, training, and recruiting high quality teachers
9 and principals under Title II of the no child left behind act.

10 (17) \$25,046,000 of the general fund--federal appropriation is
11 provided for the reading first program under Title I of the no child
12 left behind act.

13 NEW SECTION. **Sec. 514. FOR THE SUPERINTENDENT OF PUBLIC**
14 **INSTRUCTION--FOR TRANSITIONAL BILINGUAL PROGRAMS**

15	General Fund--State Appropriation (FY 2004)	\$49,791,000
16	General Fund--State Appropriation (FY 2005)	\$52,062,000
17	General Fund--Federal Appropriation (FY 2005)	\$46,309,000
18	TOTAL APPROPRIATION	\$148,162,000

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

21 (1) Each general fund fiscal year appropriation includes such funds
22 as are necessary to complete the school year ending in the fiscal year
23 and for prior fiscal year adjustments.

24 (2) The superintendent shall distribute a maximum of \$725.11 per
25 eligible bilingual student in the 2003-04 school year and \$725.11 in
26 the 2004-05 school year, exclusive of salary and benefit adjustments
27 provided in section 504 of this act.

28 (3) The superintendent may withhold up to \$700,000 in school year
29 2003-04 and up to \$700,000 in school year 2004-05, and adjust the per
30 eligible pupil rates in subsection (2) of this section accordingly, for
31 the central provision of assessments as provided in RCW 28A.180.090 (1)
32 and (2).

33 (4) \$70,000 of the amounts appropriated in this section are
34 provided solely to develop a system for the tracking of current and
35 former transitional bilingual program students.

36 (5) The general fund--federal appropriation in this section is

1 provided for migrant education under Title I Part C and English
2 language acquisition, and language enhancement grants under Title III
3 of the elementary and secondary education act.

4 NEW SECTION. **Sec. 515. FOR THE SUPERINTENDENT OF PUBLIC**
5 **INSTRUCTION--FOR THE LEARNING ASSISTANCE PROGRAM**

6	General Fund--State Appropriation (FY 2004)	\$65,385,000
7	General Fund--State Appropriation (FY 2005)	\$64,051,000
8	General Fund--Federal Appropriation	\$307,178,000
9	TOTAL APPROPRIATION	\$436,614,000

10 (1) The general fund--state appropriations in this section are
11 subject to the following conditions and limitations:

12 (a) Each general fund--state fiscal year appropriation includes
13 such funds as are necessary to complete the school year ending in the
14 fiscal year and for prior fiscal year adjustments.

15 (b) Funding for school district learning assistance programs shall
16 be allocated at maximum rates of \$432.15 per funded unit for the 2003-
17 04 school year and \$433.03 per funded unit for the 2004-05 school year
18 exclusive of salary and benefit adjustments provided under section 504
19 of this act.

20 (c) For purposes of this section, "test results" refers to the
21 district results from the norm-referenced test administered in the
22 specified grade level. The norm-referenced test results used for the
23 third and sixth grade calculations shall be consistent with the third
24 and sixth grade tests required under RCW 28A.230.190 and 28A.230.193.

25 (d) A school district's general fund--state funded units shall be
26 the sum of the following:

27 (i) The district's full-time equivalent enrollment in grades K-6,
28 multiplied by the 5-year average 4th grade lowest quartile test results
29 as adjusted for funding purposes in the school years prior to 1999-
30 2000, multiplied by 0.82. As the 3rd grade test becomes available, it
31 shall be phased into the 5-year average on a 1-year lag;

32 (ii) The district's full-time equivalent enrollment in grades 7-9,
33 multiplied by the 5-year average 8th grade lowest quartile test results
34 as adjusted for funding purposes in the school years prior to 1999-
35 2000, multiplied by 0.82. As the 6th grade test becomes available, it
36 shall be phased into the 5-year average for these grades on a 1-year
37 lag;

1 (iii) The district's full-time equivalent enrollment in grades 10-
2 11 multiplied by the 5-year average 11th grade lowest quartile test
3 results, multiplied by 0.82. As the 9th grade test becomes available,
4 it shall be phased into the 5-year average for these grades on a 1-year
5 lag;

6 (iv) If, in the prior school year, the district's percentage of
7 October headcount enrollment in grades K-12 eligible for free and
8 reduced price lunch exceeded the state average, subtract the state
9 average percentage of students eligible for free and reduced price
10 lunch from the district's percentage and multiply the result by the
11 district's K-12 annual average full-time equivalent enrollment for the
12 current school year multiplied by 22.3 percent; and

13 (v) In addition to amounts allocated under (d) of this subsection,
14 for school districts in which the effective Title I Part A (basic
15 program) increase is insufficient to cover the formula change in the
16 multiplier from .92 to .82, a state allocation shall be provided that,
17 when combined with the effective increase in federal Title I Part A
18 (basic program) funds from the 2001-02 school year, is sufficient to
19 cover this amount. The effective Title I Part A (basic program)
20 increase is the current school year federal Title I Part A (basic
21 program) allocation minus the 2001-02 school year federal Title I Part
22 A (basic program) allocation, after the 2001-02 Title I Part A
23 allocation has been inflated by three percent.

24 (2) The general fund--federal appropriation in this section is
25 provided for Title I Part A allocations of the no child left behind act
26 of 2001.

27 NEW SECTION. **Sec. 516. FOR THE SUPERINTENDENT OF PUBLIC**
28 **INSTRUCTION--FOR STUDENT ACHIEVEMENT PROGRAM**

29 Student Achievement Fund--State

30	Appropriation (FY 2004)	\$203,123,000
31	Student Achievement Fund--State	
32	Appropriation (FY 2005)	\$195,080,000
33	TOTAL APPROPRIATION	\$398,203,000

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

36 (1) Funding for school district student achievement programs shall
37 be allocated at a maximum rate of \$211.67 per FTE student for the 2003-

1 04 school year and \$254.00 per FTE student for the 2004-05 school year.
2 For the purposes of this section and in accordance with RCW 84.52.068,
3 FTE student refers to the annual average full-time equivalent
4 enrollment of the school district in grades kindergarten through twelve
5 for the prior school year.

6 (2) The appropriation is allocated for the following uses as
7 specified in RCW 28A.505.210:

8 (a) To reduce class size by hiring certificated elementary
9 classroom teachers in grades K-4 and paying nonemployee-related costs
10 associated with those new teachers;

11 (b) To make selected reductions in class size in grades 5-12, such
12 as small high school writing classes;

13 (c) To provide extended learning opportunities to improve student
14 academic achievement in grades K-12, including, but not limited to,
15 extended school year, extended school day, before-and-after-school
16 programs, special tutoring programs, weekend school programs, summer
17 school, and all-day kindergarten;

18 (d) To provide additional professional development for educators
19 including additional paid time for curriculum and lesson redesign and
20 alignment, training to ensure that instruction is aligned with state
21 standards and student needs, reimbursement for higher education costs
22 related to enhancing teaching skills and knowledge, and mentoring
23 programs to match teachers with skilled, master teachers. The funding
24 shall not be used for salary increases or additional compensation for
25 existing teaching duties, but may be used for extended year and
26 extended day teaching contracts;

27 (e) To provide early assistance for children who need
28 prekindergarten support in order to be successful in school; or

29 (f) To provide improvements or additions to school building
30 facilities which are directly related to the class size reductions and
31 extended learning opportunities under (a) through (c) of this
32 subsection (2).

33 (3) For the 2003-04 school year, the office of the superintendent
34 of public instruction shall distribute ten percent of the school year
35 allocation to districts each month for the months of September through
36 June. For the 2004-05 school year, the superintendent of public
37 instruction shall distribute the school year allocation according to
38 the monthly apportionment schedule defined in RCW 28A.510.250.

1 NEW SECTION. **Sec. 517. K-12 CARRYFORWARD AND PRIOR SCHOOL YEAR**
2 **ADJUSTMENTS.** State general fund appropriations provided to the
3 superintendent of public instruction for state entitlement programs in
4 the public schools in this part V of this act may be expended as needed
5 by the superintendent for adjustments to apportionment for prior fiscal
6 periods. Recoveries of state general fund moneys from school districts
7 and educational service districts for a prior fiscal period shall be
8 made as reductions in apportionment payments for the current fiscal
9 period and shall be shown as prior year adjustments on apportionment
10 reports for the current period. Such recoveries shall not be treated
11 as revenues to the state, but as a reduction in the amount expended
12 against the appropriation for the current fiscal period.

(End of part)

PART VI
HIGHER EDUCATION

NEW SECTION. **Sec. 601.** The appropriations in sections 603 through 609 of this act are subject to the following conditions and limitations:

(1) "Institutions" means the institutions of higher education receiving appropriations under sections 603 through 609 of this act.

(2)(a) The salary increases provided or referenced in this subsection shall be the only allowable salary increases provided at institutions of higher education, excluding increases associated with normally occurring promotions and increases related to faculty and professional staff retention, and excluding increases associated with employees under the jurisdiction of chapter 41.56 RCW pursuant to the provisions of RCW 28B.16.015 and 28B.50.874(1).

(b) For employees under the jurisdiction of chapter 41.56 RCW pursuant to the provisions of RCW 28B.16.015 and 28B.50.874(1), salary increases will be in accordance with the applicable collective bargaining agreement. However, an increase shall not be provided to any classified employee whose salary is above the approved salary range maximum for the class to which the employee's position is allocated.

(c) Each institution of higher education receiving appropriations for salary increases under sections 604 through 609 of this act may provide additional salary increases from other sources to instructional and research faculty, exempt professional staff, academic administrators, academic librarians, counselors, teaching and research assistants, as classified by the office of financial management, and all other nonclassified staff, but not including employees under RCW 28B.16.015. Any additional salary increase granted under the authority of this subsection (2)(c) shall not be included in an institution's salary base for future state funding. It is the intent of the legislature that general fund--state support for an institution shall not increase during the current or any future biennium as a result of any salary increases authorized under this subsection (2)(c).

(d) The legislature, the office of financial management, and other state agencies need consistent and accurate personnel data from institutions of higher education for policy planning purposes.

1 Institutions of higher education shall report personnel data to the
2 department of personnel for inclusion in the department's data
3 warehouse. Uniform reporting procedures shall be established by the
4 department of personnel for use by the reporting institutions,
5 including provisions for common job classifications and common
6 definitions of full-time equivalent staff. Annual contract amounts,
7 number of contract months, and funding sources shall be consistently
8 reported for employees under contract.

9 (3) The tuition fees, as defined in chapter 28B.15 RCW, charged to
10 full-time students at the state's institutions of higher education for
11 the 2003-04 and 2004-05 academic years, other than the summer term,
12 shall be adjusted by the governing boards of the state universities,
13 regional universities, The Evergreen State College, and the state board
14 for community and technical colleges. Tuition fees may be increased in
15 excess of the fiscal growth factor.

16 For the 2003-04 academic year, the governing boards of the state
17 universities, regional universities, The Evergreen State College, and
18 the state board for community and technical colleges may implement an
19 increase no greater than seven percent over tuition fees charged to
20 full-time resident undergraduate students for the 2002-03 academic
21 year.

22 For the 2004-05 academic year, the governing boards of the state
23 universities, regional universities, The Evergreen State College, and
24 the state board for community and technical colleges may implement an
25 increase no greater than seven percent over tuition fees charged to
26 full-time resident undergraduate students for the 2003-04 academic
27 year.

28 (4) For the 2003-05 biennium, the state board for community and
29 technical colleges may increase tuition fees differentially based on
30 student credit hour load at their discretion.

31 (5) For the 2003-05 biennium, the governing boards and the state
32 board may adjust full-time operating fees for factors that may include
33 time of day and day of week, as well as delivery method and campus, to
34 encourage full use of the state's educational facilities and resources.

35 (6) For the 2004-05 academic year, the legislature hereby lowers
36 the limit on total gross authorized operating fees revenue waived,
37 exempted, or reduced by state institutions of higher education pursuant
38 to RCW 28B.15.910 as follows:

- 1 (a) University of Washington, 20.48 percent
- 2 (b) Washington State University, 19.5 percent
- 3 (c) Eastern Washington University, 10.73 percent
- 4 (d) Central Washington University, 7.8 percent
- 5 (e) Western Washington University, 9.75 percent
- 6 (f) The Evergreen State College, 5.85 percent
- 7 (g) Community colleges as a whole, 33.6 percent.

8 Further, the governing boards and the state board are encouraged to
9 reduce waiver activity in recognition of the need to retain available
10 resources to preserve the educational quality of higher education
11 institutions. State general fund appropriations shall not be provided
12 to replace tuition and fee revenue foregone as a result of waivers
13 granted under authority of RCW 28B.15.915.

14 (7) In addition to waivers granted under the authority of RCW
15 28B.15.910, the governing boards and the state board may waive all or
16 a portion of operating fees for any student. State general fund
17 appropriations shall not be provided to replace tuition and fee revenue
18 foregone as a result of waivers granted under this subsection.

19 (8) Pursuant to RCW 43.135.055, institutions of higher education
20 receiving appropriations under sections 603 through 609 of this act are
21 authorized to increase summer term tuition in excess of the fiscal
22 growth factor during the 2003-05 biennium. Tuition levels increased
23 pursuant to this subsection shall not exceed the per credit hour rate
24 calculated from the academic year tuition levels adopted under this
25 act.

26 (9) Community colleges may increase services and activities fee
27 charges in excess of the fiscal growth factor up to the maximum level
28 authorized by the state board for community and technical colleges.

29 (10) Each institution receiving appropriations under sections 604
30 through 609 of this act shall submit a biennial plan to achieve
31 measurable and specific improvements each academic year as part of a
32 continuing effort to make meaningful and substantial progress towards
33 the achievement of long-term performance goals. The plans, to be
34 prepared at the direction of the higher education coordinating board,
35 shall be submitted by August 15, 2003. The higher education
36 coordinating board shall set biennial performance targets for each
37 institution and shall review actual achievements annually.
38 Institutions shall track their actual performance on the statewide

1 measures as well as faculty productivity, the goals and targets for
 2 which may be unique to each institution. A report on progress towards
 3 statewide and institution-specific goals, with recommendations for the
 4 ensuing biennium, shall be submitted to the fiscal and higher education
 5 committees of the legislature by November 15, 2005.

6 (11) The state board for community and technical colleges shall
 7 develop a biennial plan to achieve measurable and specific improvements
 8 each academic year as part of a continuing effort to make meaningful
 9 and substantial progress to achieve long-term performance goals. The
 10 board shall set biennial performance targets for each college or
 11 district, where appropriate, and shall review actual achievements
 12 annually. Colleges shall track their actual performance on the
 13 statewide measures. A report on progress towards the statewide goals,
 14 with recommendations for the ensuing biennium, shall be submitted to
 15 the fiscal and higher education committees of the legislature by
 16 November 15, 2005.

17 NEW SECTION. **Sec. 602.** (1) The appropriations in sections 603
 18 through 610 of this act provide state general fund support for full-
 19 time equivalent student enrollments at each institution of higher
 20 education. Listed below are the annual full-time equivalent student
 21 enrollments by institutions assumed in this act.

	2003-04	2004-05
	Annual	Annual
	Average	Average
25 University of Washington		
26		
27 Main campus	32,427	32,427
28 Bothell branch	1,235	1,235
29 Tacoma branch	1,484	1,484
30		
31 Washington State University		
32		
33 Main campus	17,348	17,364
34 Spokane branch	593	593
35 Tri-Cities branch	616	616

1	Vancouver branch	1,153	1,153
2			
3	Central Washington University	7,666	7,666
4	Eastern Washington University	8,017	8,017
5	The Evergreen State College	3,837	3,837
6	Western Washington University	11,126	11,126
7	State Board for Community and Technical Colleges	126,070	126,070
8	Higher Education Coordinating Board	246	500

9 (2)(a) In addition to the annual full-time equivalent student
10 enrollments enumerated in this section, funding is provided in (i)
11 section 603 of this act for additional community or technical college
12 full-time equivalent student enrollments in high-demand fields of study
13 and (ii) section 722 of this act (special appropriations to the
14 governor) for additional full-time equivalent transfer student
15 enrollments with junior-class standing.

16 (b) For the state universities, the number of full-time equivalent
17 student enrollments enumerated in this section for the branch campuses
18 are the minimum required enrollment levels for those campuses. At the
19 start of an academic year, the governing board of a state university
20 may transfer full-time equivalent student enrollments from the main
21 campus to one or more branch campus. Intent notice shall be provided
22 to the office of financial management and reassignment of funded
23 enrollment is contingent upon satisfying data needs of the forecast
24 division who is responsible to track and monitor state-supported
25 college enrollment.

26 NEW SECTION. **Sec. 603. FOR THE STATE BOARD FOR COMMUNITY AND**
27 **TECHNICAL COLLEGES**

28	General Fund--State Appropriation (FY 2004)	\$507,960,000
29	General Fund--State Appropriation (FY 2005)	\$517,854,000
30	Administrative Contingency Account--State	
31	Appropriation	\$3,200,000
32	TOTAL APPROPRIATION	\$1,029,014,000

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

35 (1) The technical colleges may increase tuition and fees in excess

1 of the fiscal growth factor to conform with the percentage increase in
2 community college operating fees.

3 (2) \$1,250,000 of the general fund--state appropriation for fiscal
4 year 2004 and \$1,250,000 of the general fund--state appropriation for
5 fiscal year 2005 are provided solely to increase salaries and related
6 benefits for part-time faculty. The board shall report by January 30,
7 2004, to the office of financial management and legislative fiscal and
8 higher education committees on (a) the distribution of state funds; and
9 (b) wage adjustments for part-time faculty.

10 (3) \$1,250,000 of the general fund--state appropriation for fiscal
11 year 2004 and \$1,250,000 of the general fund--state appropriation for
12 fiscal year 2005 are provided solely for faculty salary increments and
13 associated benefits and may be used in combination with salary and
14 benefit savings from faculty turnover to provide salary increments and
15 associated benefits.

16 (4) \$1,000,000 of the general fund--state appropriation for fiscal
17 year 2004 and \$1,000,000 of the general fund--state appropriation for
18 fiscal year 2005 are provided for a program to fund the start-up of new
19 community and technical college programs in rural counties as defined
20 under RCW 43.160.020(12) and in communities impacted by business
21 closures and job reductions. Successful proposals must respond to
22 local economic development strategies and must include a plan to
23 continue programs developed with this funding.

24 (5) \$675,000 of the general fund--state appropriation for fiscal
25 year 2004 and \$675,000 of the general fund--state appropriation for
26 fiscal year 2005 are provided solely for allocation to Clark Community
27 College and Lower Columbia Community College to prepare a total of 168
28 full-time equivalent students for transfer to the engineering and
29 science institute at the Vancouver branch campus of Washington State
30 University. The appropriations in this section are intended to
31 supplement, not supplant, general enrollment allocations by the board
32 to districts named in this subsection.

33 (6) \$640,000 of the general fund--state appropriation for fiscal
34 year 2004 and \$640,000 of the general fund--state appropriation for
35 fiscal year 2005 are provided solely for allocation to twelve college
36 districts identified in (a) through (l) of this subsection to prepare
37 students for transfer to the state technology institute at the Tacoma
38 branch campus of the University of Washington. The appropriations in

1 this section are intended to supplement, not supplant, general
2 enrollment allocations by the board to the districts under (a) through
3 (l) of this subsection:

- 4 (a) Bates Technical College;
- 5 (b) Bellevue Community College;
- 6 (c) Centralia Community College;
- 7 (d) Clover Park Community College;
- 8 (e) Grays Harbor Community College;
- 9 (f) Green River Community College;
- 10 (g) Highline Community College;
- 11 (h) Tacoma Community College;
- 12 (i) Olympic Community College;
- 13 (j) Pierce District;
- 14 (k) Seattle District; and
- 15 (l) South Puget Sound Community College.

16 (7) \$28,761,000 of the general fund--state appropriation for fiscal
17 year 2004 and \$28,761,000 of the general fund--state appropriation for
18 fiscal year 2005 are provided solely as special funds for training and
19 related support services, including financial aid, as specified in
20 chapter 226, Laws of 1993 (employment and training for unemployed
21 workers). Funding is provided to support up to 6,200 full-time
22 equivalent students in each fiscal year.

23 (8) \$1,000,000 of the general fund--state appropriation for fiscal
24 year 2004 and \$1,000,000 of the general fund--state appropriation for
25 fiscal year 2005 are provided solely for tuition support for students
26 enrolled in work-based learning programs.

27 (9) \$2,950,000 of the administrative contingency account--state
28 appropriation is provided solely for administration and customized
29 training contracts through the job skills program, which shall be made
30 available broadly and not to the exclusion of private nonprofit
31 baccalaureate degree granting institutions or vocational arts career
32 schools operating in Washington state who partner with a firm,
33 hospital, group, or industry association concerned with commerce,
34 trade, manufacturing, or the provision of services to train current or
35 prospective employees. The state board shall make an annual report by
36 January 1 of each fiscal year to the governor and appropriate policy
37 and fiscal committees of the legislature regarding the implementation

1 of this section listing the scope of grant awards, the distribution of
2 funds by educational sector and region of the state, as well as
3 successful partnerships being supported by these state funds.

4 (10) \$250,000 of the administrative contingency account--state
5 appropriation is provided solely and on a one-time basis to start up a
6 college district consortium organized under the name "alliance for
7 corporate education." Financial operations shall be self-sustaining by
8 no later than June 30, 2005, after which time any amount remaining
9 unexpended from this amount shall lapse.

10 (11) \$50,000 of the general fund--state appropriation for fiscal
11 year 2004 and \$50,000 of the general fund--state appropriation for
12 fiscal year 2005 are solely for higher education student child care
13 matching grants under chapter 28B.135 RCW.

14 (12) \$212,000 of the general fund--state appropriation for fiscal
15 year 2004 and \$212,000 of the general fund--state appropriation for
16 fiscal year 2005 are provided for allocation to Olympic college. The
17 college shall contract with accredited baccalaureate institution(s) to
18 bring a program of upper-division courses to Bremerton. The state
19 board for community and technical colleges shall report to the office
20 of financial management and the fiscal and higher education committees
21 of the legislature on the implementation of this subsection by December
22 1st of each fiscal year.

23 (13) \$6,304,000 of the general fund--state appropriation for fiscal
24 year 2004 and \$6,305,000 of the general fund--state appropriation for
25 fiscal year 2005 are provided solely to expand enrollment in high-
26 demand fields.

27 (a) High-demand fields means (i) health services, (ii) applied
28 science and engineering, (iii) viticulture and enology, and (iv)
29 expansion of worker retraining programs. The state board shall
30 allocate resources among the four areas specified in this subsection
31 and shall manage a competitive process for awarding resources for
32 health services, viticulture, enology, and applied science and
33 engineering programs.

34 (b) The state board shall provide information on the number of
35 additional headcount and full-time equivalent students enrolled in
36 high-demand fields by November 1 of each fiscal year to the office of
37 financial management and the fiscal and higher education committees of
38 the legislature.

1 (14) \$111,000 of the general fund--state appropriation for fiscal
2 year 2004 and \$86,000 of the general fund--state appropriation for
3 fiscal year 2005 are provided solely to support the development of a
4 comprehensive viticulture (grape growing) and enology (wine making)
5 higher education program in Washington state. From these sums, the
6 state board shall allocate:

7 (a) \$75,000 a year to Walla Walla community college for its
8 associate science and associate arts degree programs for the purpose of
9 vineyard and wine-making equipment purchases, student labor,
10 instructional supplies, field work, and travel expenses;

11 (b) \$25,000 on a one-time basis to Wenatchee community college for
12 the purpose of adapting its orchard employee educational program; and

13 (c) \$22,000 on a one-time basis to Yakima Valley community college
14 for the purpose of vineyard and wine-making equipment and supply
15 purchases.

16 The college districts named in this subsection are encouraged to
17 seek a portion of the high-demand student enrollment funding made
18 available on a competitive basis through the state board to address
19 their respective need for additional instructors and professional
20 staff.

21 NEW SECTION. **Sec. 604. FOR THE UNIVERSITY OF WASHINGTON**

22	General Fund--State Appropriation (FY 2004)	\$311,628,000
23	General Fund--State Appropriation (FY 2005)	\$319,584,000
24	General Fund--Private/Local Appropriation	\$300,000
25	Death Investigations Account--State	
26	Appropriation	\$261,000
27	Accident Account--State Appropriation	\$5,937,000
28	Medical Aid Account--State Appropriation	\$5,960,000
29	TOTAL APPROPRIATION	\$643,670,000

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

32 (1) \$1,875,000 of the general fund--state appropriation for fiscal
33 year 2004 and \$1,875,000 of the general fund--state appropriation for
34 fiscal year 2005 are provided solely to create a state resource for
35 technology education in the form of an institute located at the
36 University of Washington, Tacoma. The university will continue to

1 provide undergraduate and graduate degree programs meeting regional
2 technology needs including, but not limited to, computing and software
3 systems. As a condition of these appropriations:

4 (a) The university will work with the state board for community and
5 technical colleges, or individual colleges where necessary, to
6 establish articulation agreements in addition to the existing associate
7 of arts and associate of science transfer degrees. Such agreements
8 shall improve the transferability of students and in particular,
9 students with substantial applied information technology credits.

10 (b) The university will establish performance measures for
11 recruiting, retaining and graduating students, including nontraditional
12 students, and report back to the governor and legislature by September
13 2004 as to its progress and future steps.

14 (2) \$150,000 of the general fund--state appropriation for fiscal
15 year 2004 and \$150,000 of the general fund--state appropriation for
16 fiscal year 2005 are provided solely for research faculty clusters in
17 the advanced technology initiative program.

18 (3) The entire death investigations account appropriation is
19 provided for the forensic pathologist fellowship program.

20 (4) \$150,000 of the general fund--state appropriation for fiscal
21 year 2004 and \$150,000 of the general fund--state appropriation for
22 fiscal year 2005 are provided solely for the implementation of the
23 Puget Sound work plan and agency action item UW-01.

24 (5) \$75,000 of the general fund--state appropriation for fiscal
25 year 2004 and \$75,000 of the general fund--state appropriation for
26 fiscal year 2005 are provided solely for the Olympic natural resources
27 center.

28 (6) \$1,526,000 of the general fund--state appropriation for fiscal
29 year 2004 and \$3,096,000 of the general fund--state appropriation for
30 fiscal year 2005 are provided solely for competitively offered
31 recruitment and retention salary adjustments for instructional and
32 research faculty, exempt professional staff, academic administrators,
33 academic librarians, counselors, teaching and research assistants, as
34 classified by the office of financial management, and all other
35 nonclassified staff, but not including employees under RCW 28B.16.015.
36 Tuition revenues may be expended in addition to those required by this
37 section to further provide recruitment and retention salary
38 adjustments.

1 (7) \$1,250,000 of the general fund--state appropriation for fiscal
2 year 2004 and \$1,250,000 of the general fund--state appropriation for
3 fiscal year 2005 are provided solely for state match to attract or
4 retain federal research grants in high demand and technologically
5 advanced fields.

6 (8) \$300,000 of the general fund--private/local appropriation is
7 provided solely for shellfish biotoxin monitoring as specified in
8 Chapter 263, Laws of 2003 (SSB 6073, shellfish license fee).

9 NEW SECTION. **Sec. 605. FOR WASHINGTON STATE UNIVERSITY**

10	General Fund--State Appropriation (FY 2004)	\$185,265,000
11	General Fund--State Appropriation (FY 2005)	\$189,954,000
12	Washington State University Building Account--	
13	State Appropriation	\$150,000
14	TOTAL APPROPRIATION	\$375,369,000

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

17 (1) \$507,000 of the general fund--state appropriation for fiscal
18 year 2004 and \$1,014,000 of the general fund--state appropriation for
19 fiscal year 2005 are provided solely to expand the entering class of
20 veterinary medicine students by 16 full-time equivalent residents each
21 academic year during the 2003-05 biennium.

22 (2) \$657,000 of the general fund--state appropriation for fiscal
23 year 2004, \$180,000 of the general fund--state appropriation for fiscal
24 year 2005, and the entire Washington state university building account
25 appropriation are provided solely to support the development of a
26 comprehensive viticulture (grape growing) and enology (wine making)
27 higher education program in Washington state. In consideration of
28 these appropriations, the legislature intends to provide ongoing
29 support of not less than \$180,000 a year for extension field personnel
30 and services. The balance of the amount provided from the fiscal year
31 2004 appropriation is provided on a one-year basis to enable the
32 university to appoint jointly shared faculty between the Pullman main
33 campus and its branch campus in the TriCities. The legislature expects
34 the university to meet ongoing faculty, staff, and related expenses to
35 support the delivery of baccalaureate degree programs in viticulture
36 and enology by making a successful bid for a portion of high-demand

1 enrollment funding that will be distributed on a competitive basis by
2 the state higher education coordinating board for student instruction
3 pursuant to section 610(3) of this act.

4 (3) \$675,000 of the general fund--state appropriation for fiscal
5 year 2004 and \$675,000 of the general fund--state appropriation for
6 fiscal year 2005 are provided solely for allocation in full to the
7 branch campus in Vancouver to create and operate a state institute for
8 engineering and science in partnership with Clark and Lower Columbia
9 community colleges and regional industry leaders in southwest
10 Washington. As a condition of this appropriation, the university shall
11 develop and provide to the satisfaction of the office of financial
12 management a business plan for the new institute. The university,
13 together with its two-year college and industry partners, shall provide
14 the governor, legislature, and state higher education coordinating
15 board with an annual summary of its progress to produce more graduates
16 trained in applied science technologies and engineering. Annual
17 reports to inform and advise policymakers of the partners' success,
18 emerging issues, and resource needs if any shall occur by no later than
19 November 15 during the 2003-05 biennium.

20 (4) \$150,000 of the general fund--state appropriation for fiscal
21 year 2004 and \$150,000 of the general fund--state appropriation for
22 fiscal year 2005 are provided solely for research faculty clusters in
23 the advanced technology initiative program.

24 (5) \$165,000 of the general fund--state appropriation for fiscal
25 year 2004 and \$166,000 of the general fund--state appropriation for
26 fiscal year 2005 are provided solely for the implementation of the
27 Puget Sound work plan and agency action item WSU-01.

28 (6) \$949,000 of the general fund--state appropriation for fiscal
29 year 2004 and \$1,927,000 of general fund--state appropriation for
30 fiscal year 2005 are provided solely for competitively offered
31 recruitment and retention salary adjustments for instructional and
32 research faculty, exempt professional staff, academic administrators,
33 academic librarians, counselors, teaching and research assistants, as
34 classified by the office of financial management, and all other
35 nonclassified staff, but not including employees under RCW 28B.16.015.
36 Tuition revenues may be expended in addition to those required by this
37 section to further provide recruitment and retention salary
38 adjustments.

1 NEW SECTION. **Sec. 608. FOR THE EVERGREEN STATE COLLEGE**

2	General Fund--State Appropriation (FY 2004)	\$22,881,000
3	General Fund--State Appropriation (FY 2005)	\$23,618,000
4	TOTAL APPROPRIATION	\$46,499,000

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

7 (1) \$124,000 of the general fund--state appropriation for fiscal
8 year 2004 and \$252,000 of general fund--state appropriation for fiscal
9 year 2005 are provided solely for competitively offered recruitment and
10 retention salary adjustments for instructional and research faculty,
11 exempt professional staff, academic administrators, academic
12 librarians, counselors, teaching and research assistants, as classified
13 by the office of financial management, and all other nonclassified
14 staff, but not including employees under RCW 28B.16.015. Tuition
15 revenues may be expended in addition to those required by this section
16 to further provide recruitment and retention salary adjustments.

17 (2) The Washington state institute for public policy shall research
18 the following issues and provide reports to the legislature as
19 directed. The institute board shall prioritize and schedule all
20 studies based on staff capacity.

21 (a) \$110,000 of the general fund--state appropriation for fiscal
22 year 2004 is provided solely for the Washington state institute for
23 public policy to review research assessing the effectiveness of
24 prevention and early intervention programs concerning children and
25 youth, including but not limited to, programs designed to reduce the
26 at-risk behaviors for children and youth identified in RCW
27 70.190.010(4).

28 Using this research, the institute shall identify specific
29 research-proven programs that produce a positive return on the dollar
30 compared to the costs of the program. The institute shall also develop
31 criteria designed to ensure quality implementation and program fidelity
32 of research-proven programs in the state. The criteria shall include
33 measures for ongoing monitoring and continual improvement of treatment
34 delivery, and shall be feasible for inclusion in a contract for
35 services. The institute shall develop recommendations for potential
36 state legislation that encourages local government investment in
37 research-proven prevention and early intervention programs by
38 reimbursing local governments for a portion of the savings that accrue

1 to the state as the result of local investments in such programs. The
2 institute shall present a preliminary report of its findings to the
3 appropriate committees of the legislature by December 1, 2003, and
4 shall present a final report by March 1, 2004.

5 (b) \$26,000 of the general fund--state appropriation for fiscal
6 year 2004 is provided solely for the Washington state institute for
7 public policy to develop adherence and outcome standards for measuring
8 the effectiveness of treatment programs referred to in Chapter 378,
9 Laws of 2003 (ESSB 5903). The standards shall be developed and
10 presented to the governor and legislature by no later than January 1,
11 2004.

12 (c) \$100,000 of the general fund--state appropriation for fiscal
13 year 2004 is provided solely for the Washington state institute for
14 public policy to study the relationship between prison overcrowding and
15 construction, and the current state criminal sentencing structure.

16 (i) The institute shall determine whether any changes could be made
17 to the current state sentencing structure to address prison
18 overcrowding and the need for new prison construction, giving great
19 weight to the primary purposes of the criminal justice system. These
20 purposes include: Protecting community safety; making frugal use of
21 state and local government resources by concentrating resources on
22 violent offenders and sex offenders who pose the greatest risk to our
23 communities; achieving proportionality in sentencing; and reducing the
24 risk of reoffending by offenders in the community.

25 (ii) In developing its research plan, the institute may consult
26 with the sentencing guidelines commission, the caseload forecast
27 council, and interested stakeholders.

28 (iii) The institute for public policy shall present a preliminary
29 report of its findings to the governor and to the appropriate standing
30 committees of the legislature by December 15, 2003, and shall present
31 a final report regarding its findings and recommendations by March 15,
32 2004.

33 (d) \$12,000 of the general fund--state appropriation for fiscal
34 year 2004 and \$12,000 of the general fund--state appropriation for
35 fiscal year 2005 are provided solely for the Washington state institute
36 for public policy to examine the results of the changes in earned
37 release under Chapter 379, Laws of 2003 (ESSB 5990). The study shall
38 determine whether the changes in earned release affect the rate of

1 recidivism or the type of offenses committed by persons whose release
2 dates were affected by the changes under the bill. The institute shall
3 report its findings to the governor and appropriate committees of the
4 legislature by no later than December 1, 2008.

5 (e) \$25,000 of the general fund--state appropriation for fiscal
6 year 2004 and \$25,000 of the general fund--state appropriation for
7 fiscal year 2005 are provided solely for the institute for public
8 policy to conduct the evaluation outlined in Substitute Senate Bill No.
9 5012 (charter schools). If the bill is not enacted by June 30, 2003,
10 the amounts provided in this subsection shall lapse.

11 NEW SECTION. **Sec. 609. FOR WESTERN WASHINGTON UNIVERSITY**

12	General Fund--State Appropriation (FY 2004)	\$53,645,000
13	General Fund--State Appropriation (FY 2005)	\$55,537,000
14	TOTAL APPROPRIATION	\$109,182,000

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

17 (1) \$980,400 of the general fund--state appropriation for fiscal
18 year 2004 and \$980,400 of the general fund--state appropriation for
19 fiscal year 2005 are provided solely for the operations of the North
20 Snohomish, Island, Skagit (NSIS) higher education consortium.

21 (2) \$248,000 of the general fund--state appropriation for fiscal
22 year 2004 and \$503,000 of general fund--state appropriation for fiscal
23 year 2005 are provided solely for competitively offered recruitment and
24 retention salary adjustments for instructional and research faculty,
25 exempt professional staff, academic administrators, academic
26 librarians, counselors, teaching and research assistants, as classified
27 by the office of financial management, and all other nonclassified
28 staff, but not including employees under RCW 28B.16.015. Tuition
29 revenues may be expended in addition to those required by this section
30 to further provide recruitment and retention salary adjustments.

31 NEW SECTION. **Sec. 610. FOR THE HIGHER EDUCATION COORDINATING**
32 **BOARD--POLICY COORDINATION AND ADMINISTRATION**

33	General Fund--State Appropriation (FY 2004)	\$4,952,000
34	General Fund--State Appropriation (FY 2005)	\$7,716,000
35	General Fund--Federal Appropriation	\$642,000
36	TOTAL APPROPRIATION	\$13,310,000

1 The appropriations in this section are provided to carry out the
2 policy coordination, planning, studies and administrative functions of
3 the board and are subject to the following conditions and limitations:

4 (1) Within the appropriations provided in this section, funds are
5 provided to continue the teacher training pilot program pursuant to
6 chapter 28B.80 RCW until standing authority for this program expires as
7 scheduled on January 1, 2005.

8 (2) \$175,000 of the general fund--state appropriation for fiscal
9 year 2004 and \$175,000 of the general fund--state appropriation for
10 fiscal year 2005 are provided solely to continue a demonstration
11 project to improve rural access to post-secondary education by bringing
12 distance learning technologies into Jefferson county.

13 (3) \$2,755,000 of the general fund--state appropriation for fiscal
14 year 2004 and \$5,520,000 of the general fund--state appropriation for
15 fiscal year 2005 are provided solely to contract for 246 full-time
16 equivalent students in high demand fields in fiscal year 2004 and an
17 additional 254 full-time equivalent students in high demand fields in
18 fiscal year 2005. High-demand fields are programs where enrollment
19 access is limited and employers are experiencing difficulty finding
20 qualified graduates to fill job openings. Of the amounts provided, up
21 to \$70,000 may be used for management of the competitive process for
22 awarding high-demand student FTEs during the 2003-05 biennium.

23 (a) The board will manage a competitive process for awarding high-
24 demand student FTEs. Public baccalaureate institutions are eligible to
25 apply for funding and may submit proposals that include cooperative
26 partnerships with private independent institutions.

27 (b) Among coequals, the board shall make it a priority to fund
28 proposals that prepare students for careers in (i) nursing and other
29 health services; (ii) applied science and engineering; (iii) teaching
30 and speech pathology; (iv) computing and information technology; and
31 (v) viticulture and enology, but not to the exclusion of compelling
32 proposals that document specific regional student and employer demand
33 in fields not listed in this subsection. Proposals and grant awards
34 will separately identify one-time, nonrecurring costs and ongoing
35 costs.

36 (c) The board will establish a proposal review committee that will
37 include, but not be limited to, representatives from the board, the
38 office of financial management, and economic development and labor

1 market analysts. The board will develop the request for proposals,
2 including the criteria for awarding grants, in consultation with the
3 proposal review committee.

4 (d) Baccalaureate institutions that receive grants shall provide
5 the board and the forecast division of the office of financial
6 management with data specified by the board or the office of financial
7 management that shows the impact of this subsection, particularly the
8 degree of improved access to high-demand programs for students and
9 successful job placements for graduates. The board will report on the
10 implementation of this subsection by November 1 of each fiscal year to
11 the office of financial management and the fiscal and higher education
12 committees of the legislature.

13 NEW SECTION. **Sec. 611. FOR THE HIGHER EDUCATION COORDINATING**
14 **BOARD--FINANCIAL AID AND GRANT PROGRAMS**

15	General Fund--State Appropriation (FY 2004)	\$145,217,000
16	General Fund--State Appropriation (FY 2005)	\$154,412,000
17	General Fund--Federal Appropriation	\$7,530,000
18	TOTAL APPROPRIATION	\$307,159,000

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

21 (1) \$259,000 of the general fund--state appropriation for fiscal
22 year 2004 and \$273,000 of the general fund--state appropriation for
23 fiscal year 2005 are provided solely for the western interstate
24 commission for higher education.

25 (2) \$1,100,000 of the general fund--state appropriation for fiscal
26 year 2004 and \$1,100,000 of the general fund--state appropriation for
27 fiscal year 2005 are provided solely for the health professional
28 conditional scholarship and loan program under chapter 28B.115 RCW.
29 This amount shall be deposited to the health professional loan
30 repayment and scholarship trust fund to carry out the purposes of the
31 program.

32 (3) \$75,000 of the general fund--state appropriation for fiscal
33 year 2004 and \$75,000 of the general fund--state appropriation for
34 fiscal year 2005 are provided solely for higher education student child
35 care matching grants under chapter 28B.135 RCW.

36 (4) \$25,000 of the general fund--state appropriation for fiscal
37 year 2004 and \$25,000 of the general fund--state appropriation for

1 fiscal year 2005 are provided solely for the benefit of students who
2 participate in college assistance migrant programs (CAMP) operating in
3 Washington state. To ensure timely state aid, the board may establish
4 a date after which no additional grants would be available for the
5 2003-04 and 2004-05 academic years. The board shall disperse grants in
6 equal amounts to eligible post-secondary institutions so that state
7 money in all cases supplements federal CAMP awards.

8 (5) \$111,628,000 of the general fund--state appropriation for
9 fiscal year 2004 and \$120,420,000 of the general fund--state
10 appropriation for fiscal year 2005 are provided solely for the state
11 need grant program. After April 1 of each fiscal year, up to one
12 percent of the annual appropriation for the state need grant program
13 may be transferred to the state work study program.

14 (6) \$17,048,000 of the general fund--state appropriation for fiscal
15 year 2004 and \$17,048,000 of the general fund--state appropriation for
16 fiscal year 2005 are provided solely for the state work study program.
17 After April 1 of each fiscal year, up to one percent of the annual
18 appropriation for the state work study program may be transferred to
19 the state need grant program. In addition to the administrative
20 allowance in subsection (12) of this section, four percent of the
21 general fund--state amount in this subsection may be expended for state
22 work study program administration.

23 (7) \$2,867,000 of the general fund--state appropriation for fiscal
24 year 2004 and \$2,867,000 of the general fund--state appropriation for
25 fiscal year 2005 are provided solely for educational opportunity grants
26 pursuant to Chapter 233, Laws of 2003 (ESB 5676). The board may
27 deposit sufficient funds from its appropriation into the state
28 education trust fund as established in RCW 28B.10.821 to provide a one-
29 year renewal of the grant for each new recipient of the educational
30 opportunity grant award.

31 (8) \$1,919,000 of the general fund--state appropriation for fiscal
32 year 2004 and \$2,155,000 of the general fund--state appropriation for
33 fiscal year 2005 are provided solely to implement the Washington
34 scholars program. Any Washington scholars program moneys not awarded
35 by April 1st of each year may be transferred by the board to the
36 Washington award for vocational excellence.

37 (9) \$794,000 of the general fund--state appropriation for fiscal
38 year 2004 and \$845,000 of the general fund--state appropriation for

1 fiscal year 2005 are provided solely to implement Washington award for
2 vocational excellence program. Any Washington award for vocational
3 program moneys not awarded by April 1st of each year may be transferred
4 by the board to the Washington scholars program.

5 (10) \$246,000 of the general fund--state appropriation for fiscal
6 year 2004 and \$246,000 of the general fund--state appropriation for
7 fiscal year 2005 are provided solely for community scholarship matching
8 grants of \$2,000 each. To be eligible for the matching grant, a
9 nonprofit community organization organized under section 501(c)(3) of
10 the internal revenue code must demonstrate that it has raised \$2,000 in
11 new moneys for college scholarships after the effective date of this
12 act. An organization may receive more than one \$2,000 matching grant
13 and preference shall be given to organizations affiliated with the
14 citizens' scholarship foundation.

15 (11) Subject to state need grant service requirements pursuant to
16 chapter 28B.119 RCW, \$6,050,000 of the general fund--state
17 appropriation for fiscal year 2004 and \$6,050,000 of the general fund--
18 state appropriation for fiscal year 2005 are provided solely for the
19 Washington promise scholarship program.

20 (12) \$2,667,000 of the general fund--state appropriation for fiscal
21 year 2004 and \$2,768,000 of the general fund--state appropriation for
22 fiscal year 2005 are provided solely for financial aid administration,
23 in addition to the four percent cost allowance provision for state work
24 study under subsection (6) of this section. These funds are provided
25 to administer all the financial aid and grant programs assigned to the
26 board by the legislature and administered by the agency. To the extent
27 the executive director finds the agency will not require the full sum
28 provided in this subsection, a portion may be transferred to supplement
29 financial grants-in-aid to eligible clients after notifying the board
30 and the office of financial management of the intended transfer.

31 (13) \$539,000 of the general fund--state appropriation for fiscal
32 year 2004 and \$540,000 of the general fund--state appropriation for
33 fiscal year 2005 are provided solely for the displaced homemakers
34 program.

35 **NEW SECTION. Sec. 612. FOR THE WORK FORCE TRAINING AND EDUCATION**
36 **COORDINATING BOARD**

37 General Fund--State Appropriation (FY 2004) \$1,662,000

1	General Fund--State Appropriation (FY 2005)	\$1,620,000
2	General Fund--Federal Appropriation	\$53,790,000
3	TOTAL APPROPRIATION	\$57,072,000

4 The appropriations in this section are subject to the following
5 conditions and limitations: \$485,000 of the general fund--state
6 appropriation for fiscal year 2004 and \$485,000 of the general fund--
7 state appropriation for fiscal year 2005 are provided solely for the
8 operations and development of the inland northwest technology education
9 center (INTEC) as a regional resource and model for the rapid
10 deployment of skilled workers trained in the latest technologies for
11 Washington. The board shall serve as an advisor to and fiscal agent
12 for INTEC, and will report back to the governor and legislature by
13 September 2004 as to the progress and future steps for INTEC as this
14 public-private partnership evolves.

15 NEW SECTION. **Sec. 613. FOR THE SPOKANE INTERCOLLEGIATE RESEARCH**
16 **AND TECHNOLOGY INSTITUTE**

17	General Fund--State Appropriation (FY 2004)	\$1,403,000
18	General Fund--State Appropriation (FY 2005)	\$1,419,000
19	TOTAL APPROPRIATION	\$2,822,000

20 NEW SECTION. **Sec. 614. FOR THE WASHINGTON STATE ARTS COMMISSION**

21	General Fund--State Appropriation (FY 2004)	\$2,247,000
22	General Fund--State Appropriation (FY 2005)	\$2,253,000
23	General Fund--Federal Appropriation	\$1,026,000
24	TOTAL APPROPRIATION	\$5,526,000

25 NEW SECTION. **Sec. 615. FOR THE WASHINGTON STATE HISTORICAL**
26 **SOCIETY**

27	General Fund--State Appropriation (FY 2004)	\$2,400,000
28	General Fund--State Appropriation (FY 2005)	\$2,467,000
29	TOTAL APPROPRIATION	\$4,867,000

30 NEW SECTION. **Sec. 616. FOR THE EASTERN WASHINGTON STATE**
31 **HISTORICAL SOCIETY**

32	General Fund--State Appropriation (FY 2004)	\$1,430,000
33	General Fund--State Appropriation (FY 2005)	\$1,461,000
34	TOTAL APPROPRIATION	\$2,891,000

1	<u>NEW SECTION.</u> Sec. 617. FOR THE STATE SCHOOL FOR THE BLIND	
2	General Fund--State Appropriation (FY 2004)	\$4,614,000
3	General Fund--State Appropriation (FY 2005)	\$4,641,000
4	General Fund--Private/Local Appropriation	\$1,335,000
5	TOTAL APPROPRIATION	\$10,590,000

6	<u>NEW SECTION.</u> Sec. 618. FOR THE STATE SCHOOL FOR THE DEAF	
7	General Fund--State Appropriation (FY 2004)	\$7,578,000
8	General Fund--State Appropriation (FY 2005)	\$7,559,000
9	General Fund--Private/Local Appropriation	\$232,000
10	TOTAL APPROPRIATION	\$15,369,000

(End of part)

PART VII
SPECIAL APPROPRIATIONS

NEW SECTION. **Sec. 701. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR DEBT SUBJECT TO THE DEBT LIMIT**

General Fund--State Appropriation (FY 2004)	\$570,186,000
General Fund--State Appropriation (FY 2005)	\$626,814,000
Debt-Limit General Fund Bond Retirement Account--	
State Appropriation	\$10,000,000
State Building Construction Account--State	
Appropriation	\$7,014,000
Debt-Limit Reimbursable Bond Retirement Account--	
State Appropriation	\$2,587,000
State Taxable Building Construction Account--	
State Appropriation	\$322,000
TOTAL APPROPRIATION	\$1,216,923,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriations are for deposit into the debt-limit general fund bond retirement account. The appropriation for fiscal year 2004 shall be deposited in the debt-limit general fund bond retirement account by June 30, 2004.

NEW SECTION. **Sec. 702. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED BY ENTERPRISE ACTIVITIES**

State Convention and Trade Center Account--	
State Appropriation	\$29,014,000
Accident Account--State Appropriation	\$5,113,000
Medical Aid Account--State Appropriation	\$5,113,000
TOTAL APPROPRIATION	\$39,240,000

NEW SECTION. **Sec. 703. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED AS PRESCRIBED BY STATUTE**

General Fund--State Appropriation (FY 2004)	\$26,394,000
General Fund--State Appropriation (FY 2005)	\$24,805,000

1	Capitol Historic District Construction	
2	Account--State Appropriation	\$299,000
3	Higher Education Construction Account--State	
4	Appropriation	\$238,000
5	State Vehicle Parking Account--State	
6	Appropriation	\$102,000
7	Nondebt-Limit Reimbursable Bond Retirement Account--	
8	State Appropriation	\$128,375,000
9	TOTAL APPROPRIATION	\$180,213,000

10 The appropriations in this section are subject to the following
11 conditions and limitations: The general fund appropriation is for
12 deposit into the nondebt-limit general fund bond retirement account.

13 NEW SECTION. **Sec. 704. FOR THE STATE TREASURER--BOND RETIREMENT**
14 **AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR**
15 **BOND SALE EXPENSES**

16	General Fund--State Appropriation (FY 2004)	\$526,000
17	General Fund--State Appropriation (FY 2005)	\$526,000
18	Higher Education Construction Account--State	
19	Appropriation	\$35,000
20	State Building Construction Account--State	
21	Appropriation	\$2,032,000
22	State Vehicle Parking Account--State	
23	Appropriation	\$17,000
24	Capitol Historic District Construction	
25	Account--State Appropriation	\$45,000
26	State Taxable Building Construction Account--	
27	State Appropriation	\$50,000
28	TOTAL APPROPRIATION	\$3,231,000

29 NEW SECTION. **Sec. 705. FOR THE OFFICE OF FINANCIAL MANAGEMENT--**
30 **FIRE CONTINGENCY POOL.** The sum of \$4,000,000 is appropriated from the
31 disaster response account for the purpose of making allocations to the
32 Washington state patrol for fire mobilizations costs or to the
33 department of natural resources for fire suppression costs.

34 NEW SECTION. **Sec. 706. FOR THE OFFICE OF FINANCIAL MANAGEMENT--**

1 **EMERGENCY FUND**

2	General Fund--State Appropriation (FY 2004)	\$850,000
3	General Fund--State Appropriation (FY 2005)	\$850,000
4	TOTAL APPROPRIATION	\$1,700,000

5 The appropriations in this section are subject to the following
6 conditions and limitations: The appropriations in this section are for
7 the governor's emergency fund for the critically necessary work of any
8 agency.

9 NEW SECTION. **Sec. 707. FOR THE OFFICE OF FINANCIAL MANAGEMENT--**
10 **EXTRAORDINARY CRIMINAL JUSTICE COSTS**

11	Public Safety and Education Account--State Appropriation . .	\$766,000
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12 The appropriation in this section is subject to the following
13 conditions and limitations: The director of financial management shall
14 distribute the entire appropriation to King county for extraordinary
15 criminal justice costs.

16 NEW SECTION. **Sec. 708. BELATED CLAIMS.** The agencies and
17 institutions of the state may expend moneys appropriated in this act,
18 upon approval of the office of financial management, for the payment of
19 supplies and services furnished to the agency or institution in prior
20 fiscal biennia.

21 NEW SECTION. **Sec. 709. FOR THE GOVERNOR--COMPENSATION--INSURANCE**
22 **BENEFITS**

23	General Fund--State Appropriation (FY 2004)	\$8,243,000
24	General Fund--State Appropriation (FY 2005)	\$38,879,000
25	Dedicated Funds and Accounts Appropriation	\$41,232,000
26	TOTAL APPROPRIATION	\$88,354,000

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

29 (1) The appropriation from dedicated funds and accounts shall be
30 made in the amounts specified and from the dedicated funds and accounts
31 specified in LEAP document 2003-38, a computerized tabulation developed
32 by the legislative evaluation and accountability program committee on
33 June 2, 2003, which is hereby incorporated by reference. The office of

1 financial management shall allocate the moneys appropriated in this
2 section in the amounts specified and to the state agencies specified in
3 LEAP document 2003-38, and adjust appropriation schedules accordingly.

4 (2)(a) The monthly employer funding rate for insurance benefit
5 premiums, public employees' benefits board administration, and the
6 uniform medical plan, shall not exceed \$504.89 per eligible employee
7 for fiscal year 2004, and \$592.30 for fiscal year 2005.

8 (b) Within the rates in (a) of this subsection, \$4.13 per eligible
9 employee shall be included in the employer funding rate for fiscal year
10 2004, and \$2.11 per eligible employee shall be included in the employer
11 funding rate for fiscal year 2005, solely to increase life insurance
12 coverage in accordance with a court approved settlement in *Burbage et*
13 *al. v. State of Washington* (Thurston county superior court cause no.
14 94-2-02560-8).

15 (c) In order to achieve the level of funding provided for health
16 benefits, the public employees' benefits board shall require any or all
17 of the following: Employee premium copayments, increases in point-of-
18 service cost sharing, the implementation of managed competition, or
19 make other changes to benefits consistent with RCW 41.05.065.

20 (d) The health care authority shall deposit any moneys received on
21 behalf of the uniform medical plan as a result of rebates on
22 prescription drugs, audits of hospitals, subrogation payments, or any
23 other moneys recovered as a result of prior uniform medical plan claims
24 payments, into the public employees' and retirees' insurance account to
25 be used for insurance benefits. Such receipts shall not be used for
26 administrative expenditures.

27 (3) The health care authority, subject to the approval of the
28 public employees' benefits board, shall provide subsidies for health
29 benefit premiums to eligible retired or disabled public employees and
30 school district employees who are eligible for parts A and B of
31 medicare, pursuant to RCW 41.05.085. From January 1, 2004, through
32 December 31, 2004, the subsidy shall be \$102.35. Starting January 1,
33 2005, the subsidy shall be \$116.19 per month.

34 (4) Technical colleges, school districts, and educational service
35 districts shall remit to the health care authority for deposit into the
36 public employees' and retirees' insurance account established in RCW
37 41.05.120 the following amounts:

1 (a) For each full-time employee, \$42.76 per month beginning
2 September 1, 2003, and \$49.14 beginning September 1, 2004;

3 (b) For each part-time employee who, at the time of the remittance,
4 is employed in an eligible position as defined in RCW 41.32.010 or
5 41.40.010 and is eligible for employer fringe benefit contributions for
6 basic benefits, \$42.76 each month beginning September 1, 2003, and
7 \$49.14 beginning September 1, 2004, prorated by the proportion of
8 employer fringe benefit contributions for a full-time employee that the
9 part-time employee receives.

10 The remittance requirements specified in this subsection shall not
11 apply to employees of a technical college, school district, or
12 educational service district who purchase insurance benefits through
13 contracts with the health care authority.

14 (5) The appropriations in this section include amounts sufficient
15 to fund health benefits for ferry workers at the premium levels
16 specified in subsection (2) of this section, consistent with the 2003-
17 2005 transportation appropriations act.

18 NEW SECTION. **Sec. 710. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--**
19 **CONTRIBUTIONS TO RETIREMENT SYSTEMS.** The appropriations in this
20 section are subject to the following conditions and limitations: The
21 appropriations for the law enforcement officers' and firefighters'
22 retirement system shall be made on a monthly basis beginning July 1,
23 2003, consistent with chapter 41.45 RCW, and the appropriations for the
24 judges and judicial retirement systems shall be made on a quarterly
25 basis consistent with chapters 2.10 and 2.12 RCW.

26 (1) There is appropriated for state contributions to the law
27 enforcement officers' and fire fighters' retirement system:

28	General Fund--State Appropriation (FY 2004)	\$21,256,000
29	General Fund--State Appropriation (FY 2005)	\$20,914,000

30 (2) There is appropriated for contributions to the judicial
31 retirement system:

32	General Fund--State Appropriation (FY 2004)	\$6,000,000
33	General Fund--State Appropriation (FY 2005)	\$6,000,000

34 (3) There is appropriated for contributions to the judges
35 retirement system:

36	General Fund--State Appropriation (FY 2004)	\$500,000
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1 General Fund--State Appropriation (FY 2005) \$500,000
 2 TOTAL APPROPRIATION \$55,170,000

3 NEW SECTION. **Sec. 711. FOR THE OFFICE OF FINANCIAL MANAGEMENT--**
 4 **CONTRIBUTIONS TO RETIREMENT SYSTEMS**

5 General Fund--State Appropriation (FY 2004) \$578,000
 6 General Fund--State Appropriation (FY 2005) \$584,000
 7 Public Safety and Education Account--State
 8 Appropriation \$146,000
 9 Judicial Information Systems Account--State
 10 Appropriation \$57,000
 11 Department of Retirement Systems Expense
 12 Account--State Appropriation \$14,000
 13 TOTAL APPROPRIATION \$1,379,000

14 The appropriations in this section are subject to the following
 15 conditions and limitations: The appropriations in this section are
 16 provided solely to fund pension contributions to the public employees'
 17 retirement system and teachers' retirement system for judicial and
 18 legislative employees, effective July 1, 2003. The office of financial
 19 management shall update agency appropriation schedules to reflect the
 20 addition of the funding in this section, as identified by agency and
 21 fund in LEAP document 2003-39 dated June 3, 2003.

22 NEW SECTION. **Sec. 712. FOR THE OFFICE OF FINANCIAL MANAGEMENT--**
 23 **EDUCATION TECHNOLOGY REVOLVING ACCOUNT**

24 General Fund--State Appropriation (FY 2004) \$10,468,000
 25 General Fund--State Appropriation (FY 2005) \$10,468,000
 26 TOTAL APPROPRIATION \$20,936,000

27 The appropriations in this section are subject to the following
 28 conditions and limitations: The appropriation in this section is for
 29 appropriation to the education technology revolving account for the
 30 purpose of covering operational and transport costs incurred by the K-
 31 20 educational network program in providing telecommunication services
 32 to network participants.

33 NEW SECTION. **Sec. 713. INCENTIVE SAVINGS--FY 2004.** The sum of
 34 one hundred million dollars or so much thereof as may be available on

1 June 30, 2004, from the total amount of unspent fiscal year 2004 state
2 general fund appropriations is appropriated for the purposes of RCW
3 43.79.460 in the manner provided in this section.

4 (1) Of the total appropriated amount, one-half of that portion that
5 is attributable to incentive savings, not to exceed twenty-five million
6 dollars, is appropriated to the savings incentive account for the
7 purpose of improving the quality, efficiency, and effectiveness of
8 agency services, and credited to the agency that generated the savings.

9 (2) The remainder of the total amount, not to exceed seventy-five
10 million dollars, is appropriated to the education savings account.

11 (3) For purposes of this section, the total amount of unspent state
12 general fund appropriations does not include the appropriations made in
13 this section, in sections 715, 717, 718, and 724 of this act, or any
14 amounts included in across-the-board allotment reductions under RCW
15 43.88.110.

16 NEW SECTION. **Sec. 714. INCENTIVE SAVINGS--FY 2005.** The sum of
17 one hundred million dollars or so much thereof as may be available on
18 June 30, 2005, from the total amount of unspent fiscal year 2005 state
19 general fund appropriations is appropriated for the purposes of RCW
20 43.79.460 in the manner provided in this section.

21 (1) Of the total appropriated amount, one-half of that portion that
22 is attributable to incentive savings, not to exceed twenty-five million
23 dollars, is appropriated to the savings incentive account for the
24 purpose of improving the quality, efficiency, and effectiveness of
25 agency services, and credited to the agency that generated the savings.

26 (2) The remainder of the total amount, not to exceed seventy-five
27 million dollars, is appropriated to the education savings account.

28 (3) For purposes of this section, the total amount of unspent state
29 general fund appropriations does not include the appropriations made in
30 this section, in sections 715, 717, 718, and 724 of this act, or any
31 amounts included in across-the-board allotment reductions under RCW
32 43.88.110.

33 NEW SECTION. **Sec. 715. INCREASED FEDERAL ASSISTANCE.** (1) If the
34 department of social and health services or the department of veterans
35 affairs receives federal funding to enhance the federal medical
36 assistance percentage for the 2001-2003 or 2003-2005 fiscal biennia as

1 a result of the jobs and growth tax relief reconciliation act of 2003
2 (P.L. 108-27), the moneys shall be expended as an unanticipated receipt
3 under RCW 43.79.270 and 43.79.280, subject to the following conditions
4 and limitations:

5 (a) The moneys shall be expended in the manner required by the
6 federal act;

7 (b) The federal moneys shall be expended in a manner that will
8 maximize the conservation of state moneys, which shall be placed in
9 reserve status and remain unexpended; and

10 (c) The director of financial management shall notify the
11 appropriate legislative fiscal committees of proposed allotment
12 modifications prior to expenditure of the federal moneys.

13 (2) If the state receives federal funding for the 2001-2003 or
14 2003-2005 fiscal biennia as a result of the jobs and growth tax relief
15 reconciliation act of 2003 (P.L. 108-27) in addition to the funding
16 described in subsection (1) of this section, the moneys may be expended
17 as an unanticipated receipt under RCW 43.79.270 and 43.79.280, subject
18 to the following conditions and limitations:

19 (a) The moneys shall be expended in the manner required by the
20 federal act;

21 (b) The federal moneys shall be expended for necessary state
22 services and in a manner that will maximize the conservation of state
23 moneys, which shall be placed in reserve status and remain unexpended;
24 and

25 (c) The director of financial management shall notify the
26 appropriate legislative fiscal committees of proposed allotment
27 modifications prior to expenditure of the federal moneys.

28 **Sec. 716.** 2003 c 10 s 708 (uncodified) is amended to read as
29 follows:

30 **INCENTIVE SAVINGS--FY 2003.** The sum of one hundred million
31 dollars or so much thereof as may be available on June 30, 2003, from
32 the total amount of unspent fiscal year 2003 state general fund
33 appropriations is appropriated for the purposes of RCW 43.79.460 in the
34 manner provided in this section.

35 (1) Of the total appropriated amount, one-half of that portion that
36 is attributable to incentive savings, not to exceed twenty-five million

1 dollars, is appropriated to the savings incentive account for the
2 purpose of improving the quality, efficiency, and effectiveness of
3 agency services, and credited to the agency that generated the savings.

4 (2) Of the total appropriated amount, any amount attributable to
5 unspent general fund--state appropriations in the state need grant
6 program, the state work study program, the Washington scholars program,
7 and the Washington award for vocational excellence program is
8 appropriated to the state financial aid account pursuant to Substitute
9 House Bill No. 2914 (state financial aid account).

10 (3) The remainder of the total amount, not to exceed seventy-five
11 million dollars, is appropriated to the education savings account.

12 (4) For purposes of this section, the total amount of unspent state
13 general fund appropriations does not include the appropriations made in
14 this section, amounts included in allotment reductions in sections 706,
15 707, 708, and 713 of (~~this act and section 706 of this act~~) chapter
16 371, Laws of 2002 and section 715 of this act, or any amounts included
17 in across-the-board allotment reductions under RCW 43.88.110.

18 ***NEW SECTION. Sec. 717. AGENCY EXPENDITURES FOR TRAVEL, EQUIPMENT,**
19 **AND PERSONAL SERVICE CONTRACTS.** *The office of financial management*
20 *shall reduce allotments for all agencies for personal service*
21 *contracts, equipment, and travel by \$20,000,000 from 2003-05 biennial*
22 *general fund appropriations in this act to reflect the elimination of*
23 *expenditures identified in LEAP document 2003-36, a computerized*
24 *tabulation developed by the legislative evaluation and accountability*
25 *program committee on April 25, 2003. The general fund allotment*
26 *reduction shall be placed in unallotted status and remain unexpended.*

**Sec. 717 was vetoed. See message at end of chapter.*

27 **NEW SECTION. Sec. 718. AGENCY EXPENDITURES FOR TORT LIABILITY.**
28 The office of financial management shall reduce allotments for all
29 agencies by \$10,638,000 from 2003-05 biennial general fund
30 appropriations in this act to reflect the reduction in contributions to
31 the liability account. The general fund allotment reduction shall be
32 placed in unallotted status and remain unexpended.

33 **NEW SECTION. Sec. 719. FOR THE DEPARTMENT OF COMMUNITY, TRADE,**
34 **AND ECONOMIC DEVELOPMENT--COUNTY PUBLIC HEALTH ASSISTANCE**
35 Health Services Account--State Appropriation \$48,000,000

1 The appropriation in this section is subject to the following
 2 conditions and limitations: The director of the department of
 3 community, trade, and economic development shall distribute the
 4 appropriations to the following counties and health districts in the
 5 amounts designated:

6	Health District	FY 2004	FY 2005	FY 2003-05
7				Biennium
8	Adams County Health District	\$30,951	\$30,951	\$61,902
9	Asotin County Health District	\$67,714	\$67,714	\$135,428
10	Benton-Franklin Health District	\$1,165,612	\$1,165,612	\$2,331,224
11	Chelan-Douglas Health District	\$184,761	\$184,761	\$369,522
12	Clallam County Health and Human Services Department	\$141,752	\$141,752	\$283,504
13	Southwest Washington Health District	\$1,084,473	\$1,084,473	\$2,168,946
14	Columbia County Health District	\$40,529	\$40,529	\$81,058
15	Cowlitz County Health Department	\$278,560	\$278,560	\$557,120
16	Garfield County Health District	\$15,028	\$15,028	\$30,056
17	Grant County Health District	\$118,595	\$118,595	\$237,191
18	Grays Harbor Health Department	\$183,870	\$183,870	\$367,740
19	Island County Health Department	\$91,892	\$91,892	\$183,784
20	Jefferson County Health and Human Services	\$85,782	\$85,782	\$171,564
21	Seattle-King County Department of Public Health	\$9,531,747	\$9,531,747	\$19,063,494
22	Bremerton-Kitsap County Health District	\$554,669	\$554,669	\$1,109,338
23	Kittitas County Health Department	\$92,499	\$92,499	\$184,998
24	Klickitat County Health Department	\$62,402	\$62,402	\$124,804
25	Lewis County Health Department	\$105,801	\$105,801	\$211,602
26	Lincoln County Health Department	\$29,705	\$29,705	\$59,410
27	Mason County Department of Health Services	\$95,988	\$95,988	\$191,976
28	Okanogan County Health District	\$63,458	\$63,458	\$126,916
29	Pacific County Health Department	\$77,427	\$77,427	\$154,854
30	Tacoma-Pierce County Health Department	\$2,820,590	\$2,820,590	\$5,641,180
31	San Juan County Health and Community Services	\$37,531	\$37,531	\$75,062
32	Skagit County Health Department	\$223,927	\$223,927	\$447,854
33	Snohomish Health District	\$2,258,207	\$2,258,207	\$4,516,414
34	Spokane County Health District	\$2,101,429	\$2,101,429	\$4,202,858
35	Northeast Tri-County Health District	\$110,454	\$110,454	\$220,908

1	Thurston County Health Department	\$600,419	\$600,419	\$1,200,838
2	Wahkiakum County Health Department	\$13,773	\$13,772	\$27,545
3	Walla Walla County-City Health Department	\$172,062	\$172,062	\$344,124
4	Whatcom County Health Department	\$855,863	\$855,863	\$1,711,726
5	Whitman County Health Department	\$78,733	\$78,733	\$157,466
6	Yakima Health District	\$623,797	\$623,797	\$1,247,594
7	TOTAL APPROPRIATIONS	\$24,000,000	\$24,000,000	\$48,000,000

8 NEW SECTION. **Sec. 720. FOR THE DEPARTMENT OF COMMUNITY, TRADE,**
9 **AND ECONOMIC DEVELOPMENT--COUNTY ASSISTANCE**

10 General Fund--Federal Appropriation \$5,000,000

11 The appropriations in this section are subject to the following
12 conditions and limitations: The director of community, trade, and
13 economic development shall distribute the appropriations in this
14 section to the following counties in the amounts designated:

15		FY 2004
16	Adams	\$334,400
17	Asotin	\$361,900
18	Columbia	\$679,700
19	Douglas	\$264,000
20	Ferry	\$283,600
21	Garfield	\$759,800
22	Island	\$66,400
23	Lincoln	\$297,700
24	Mason	\$298,000
25	Okanogan	\$280,000
26	Pacific	\$89,700
27	Pend Oreille	\$181,600
28	Skamania	\$88,000
29	Stevens	\$418,000
30	Wahkiakum	\$452,900
31	Walla Walla	\$144,300
32	TOTAL APPROPRIATIONS	\$5,000,000

1 NEW SECTION. **Sec. 721. FOR THE DEPARTMENT OF COMMUNITY, TRADE,**
 2 **AND ECONOMIC DEVELOPMENT--MUNICIPAL ASSISTANCE**

3 General Fund--Federal Appropriation \$5,000,000

4 The appropriation in this section is subject to the following
 5 conditions and limitations: The director of community, trade, and
 6 economic development shall distribute the appropriation in this section
 7 to the following cities in the amounts designated:

	FY 2004	FY 2005	2003-05
			Biennium
10 Airway Heights	\$3,900	\$2,600	\$6,500
11 Albion	\$20,500	\$13,700	\$34,200
12 Almira	\$600	\$400	\$1,000
13 Asotin	\$8,400	\$5,600	\$14,000
14 Benton City	\$13,200	\$8,800	\$22,000
15 Black Diamond	\$15,600	\$10,400	\$2,600
16 Bridgeport	\$58,100	\$38,700	\$96,800
17 Brier	\$110,200	\$73,500	\$183,700
18 Bucoda	\$12,800	\$8,500	\$21,300
19 Carbonado	\$12,600	\$8,400	\$21,000
20 Cashmere	\$11,000	\$7,300	\$18,300
21 Cheney	\$16,400	\$10,900	\$27,300
22 Chewelah	\$1,100	\$600	\$1,700
23 Colfax	\$800	\$500	\$1,300
24 College Place	\$117,800	\$78,500	\$196,300
25 Colton	\$4,600	\$3,100	\$7,700
26 Conconully	\$3,300	\$2,200	\$5,500
27 Concrete	\$900	\$600	\$1,500
28 Connell	\$23,300	\$15,500	\$38,800
29 Coulee Dam	\$4,700	\$3,100	\$7,800
30 Covington	\$100,300	\$66,900	\$167,200
31 Creston	\$1,600	\$1,100	\$2,700
32 Cusick	\$600	\$400	\$1,000
33 Darrington	\$4,800	\$3,200	\$8,000
34 Davenport	\$3,800	\$2,500	\$6,300
35 Dayton	\$1,200	\$800	\$2,000

1	Des Moines	\$137,500	\$91,700	\$229,200
2	Edgewood	\$233,300	\$155,500	\$388,800
3	Electric City	\$22,800	\$15,200	\$38,000
4	Elma	\$1,600	\$1,100	\$2,700
5	Elmer City	\$9,200	\$6,100	\$15,300
6	Endicott	\$8,900	\$5,900	\$14,800
7	Entiat	\$8,700	\$5,800	\$14,500
8	Everson	\$4,000	\$2,700	\$6,700
9	Fairfield	\$1,100	\$600	\$1,700
10	Farmington	\$2,400	\$1,600	\$4,000
11	Fircrest	\$42,700	\$28,500	\$71,200
12	Forks	\$4,200	\$2,800	\$7,000
13	Garfield	\$10,600	\$7,100	\$17,700
14	George	\$1,900	\$1,300	\$3,200
15	Gold Bar	\$24,700	\$16,500	\$41,200
16	Grandview	\$13,100	\$8,700	\$21,800
17	Granger	\$24,200	\$16,100	\$40,300
18	Hamilton	\$3,400	\$2,300	\$5,700
19	Harrah	\$13,500	\$9,000	\$22,500
20	Harrington	\$700	\$500	\$1,200
21	Hartline	\$2,800	\$1,900	\$4,700
22	Hatton	\$3,800	\$2,500	\$4,700
23	Hoquiam	\$16,600	\$11,100	\$27,700
24	Index	\$600	\$400	\$1,000
25	Ione	\$1,500	\$1,000	\$2,500
26	Kahlotus	\$4,900	\$3,300	\$8,200
27	Kenmore	\$113,000	\$75,300	\$188,300
28	Kettle Falls	\$3,200	\$2,100	\$5,300
29	Kittitas	\$14,200	\$9,500	\$23,700
30	Krupp	\$700	\$500	\$1,200
31	Lacrosse	\$2,200	\$1,500	\$3,700
32	Lake Forest Park	\$116,600	\$77,700	\$194,300
33	Lake Stevens	\$3,900	\$2,600	\$6,500
34	Lakewood	\$303,100	\$202,100	\$505,200
35	Lamont	\$2,100	\$1,400	\$3,500
36	Latah	\$2,200	\$1,500	\$3,700
37	Lyman	\$3,000	\$2,000	\$5,000

1	Mabton	\$44,000	\$29,300	\$73,300
2	Malden	\$6,700	\$4,500	\$11,200
3	Mansfield	\$6,900	\$4,600	\$11,500
4	Maple Valley	\$14,200	\$9,500	\$23,700
5	Marcus	\$3,000	\$2,000	\$5,000
6	Mattawa	\$14,500	\$9,700	\$24,200
7	McCleary	\$12,500	\$8,300	\$20,800
8	Medical Lake	\$8,200	\$5,500	\$13,700
9	Mesa	\$1,400	\$900	\$2,300
10	Metaline	\$1,800	\$1,200	\$3,000
11	Metaline Falls	\$800	\$500	\$1,300
12	Mossyrock	\$600	\$400	\$1,000
13	Mountlake Terrace	\$27,000	\$18,000	\$45,000
14	Moxee	\$1,900	\$1,300	\$3,200
15	Napavine	\$16,700	\$11,100	\$27,800
16	Nespelem	\$5,400	\$3,600	\$9,000
17	Newcastle	\$1,400	\$900	\$2,300
18	Nooksack	\$10,900	\$7,300	\$18,200
19	Normandy Park	\$70,200	\$46,800	\$117,000
20	North Bonneville	\$1,500	\$1,000	\$2,500
21	Northport	\$5,900	\$3,900	\$9,800
22	Oakesdale	\$2,500	\$1,700	\$4,200
23	Oakville	\$5,900	\$3,900	\$9,800
24	Orting	\$10,300	\$6,900	\$17,200
25	Palouse	\$6,300	\$4,200	\$10,500
26	Pateros	\$600	\$400	\$1,000
27	Pe Ell	\$16,900	\$11,300	\$28,200
28	Pomeroy	\$2,100	\$1,400	\$3,500
29	Prescott	\$1,100	\$600	\$1,700
30	Pullman	\$18,200	\$12,100	\$30,300
31	Rainier	\$22,900	\$15,300	\$38,200
32	Raymond	\$600	\$400	\$1,000
33	Reardan	\$7,200	\$4,800	\$12,000
34	Republic	\$900	\$600	\$1,500
35	Riverside	\$6,000	\$4,000	\$10,000
36	Rock Island	\$4,900	\$3,300	\$8,200
37	Rockford	\$1,400	\$900	\$2,300

1	Rosalia	\$5,500	\$3,700	\$9,200
2	Roslyn	\$9,700	\$6,500	\$16,200
3	Royal City	\$10,300	\$6,900	\$17,200
4	Ruston	\$6,700	\$4,500	\$11,200
5	Sammamish	\$276,900	\$184,600	\$461,500
6	Shoreline	\$55,400	\$36,900	\$92,300
7	Soap Lake	\$16,300	\$10,900	\$27,200
8	South Bend	\$4,600	\$3,100	\$7,700
9	South Cle Elum	\$9,200	\$6,100	\$15,300
10	South Prairie	\$1,500	\$1,000	\$2,500
11	Sprague	\$1,100	\$700	\$1,800
12	Springdale	\$600	\$400	\$1,000
13	Starbuck	\$2,300	\$1,500	\$3,800
14	Steilacoom	\$16,400	\$10,900	\$27,300
15	Tekoa	\$4,100	\$2,700	\$6,800
16	Tenino	\$5,800	\$3,900	\$9,700
17	Tieton	\$10,400	\$6,900	\$17,300
18	Toppenish	\$53,600	\$35,700	\$89,300
19	Uniontown	\$2,500	\$1,700	\$4,200
20	University Place	\$262,300	\$174,900	\$437,200
21	Vader	\$10,600	\$7,100	\$17,700
22	Waitsburg	\$13,000	\$8,700	\$21,700
23	Wapato	\$30,100	\$20,100	\$50,200
24	Warden	\$8,200	\$5,500	\$13,700
25	Washtucna	\$6,400	\$4,300	\$10,700
26	Waterville	\$10,800	\$7,200	\$18,000
27	Waverly	\$3,000	\$2,000	\$5,000
28	West Richland	\$71,700	\$47,800	\$119,500
29	White Salmon	\$900	\$600	\$1,500
30	Wilbur	\$600	\$400	\$1,000
31	Wilkeson	\$600	\$400	\$1,000
32	Wilson Creek	\$2,900	\$1,900	\$4,800
33	Yacolt	\$3,100	\$2,100	\$5,200
34	Zillah	\$4,600	\$3,100	\$7,700
35	TOTAL APPROPRIATIONS	\$3,000,000	\$2,000,000	\$5,000,000

36 NEW SECTION. **Sec. 722.** **FOR THE OFFICE OF FINANCIAL MANAGEMENT--**

1 **HIGHER EDUCATION ENROLLMENT.**

2	General Fund--State Appropriation (FY 2004)	\$3,125,000
3	General Fund--State Appropriation (FY 2005)	\$3,126,000
4	TOTAL APPROPRIATION	\$6,251,000

5 The appropriations in this section are subject to the following
6 conditions and limitation: \$3,125,000 of the general fund--state for
7 fiscal year 2004 and \$3,126,000 of the general fund--state for fiscal
8 year 2005 are provided solely for allocation to public baccalaureate
9 institutions to expand state-supported college access by 400 full-time
10 equivalent student enrollments with junior class standing over levels
11 in the 2002-03 academic year. With these amounts, the legislature
12 intends to assist qualified residents seeking to transfer with an
13 associate degree or credits sufficient to enter degree programs with
14 junior-class standing. Any institution receiving an allocation for
15 instruction shall provide data as required by the forecast division of
16 the office of financial management to establish a baseline and monitor
17 change in state-supported enrollment. This data will also be provided
18 to the state board for community and technical colleges, the higher
19 education coordinating board, and the higher education policy and
20 fiscal legislative committees to demonstrate the impact of this
21 section.

22 NEW SECTION. **Sec. 723. FOR SUNDRY CLAIMS.** The following sums,
23 or so much thereof as may be necessary, are appropriated from the
24 general fund, unless otherwise indicated, for relief of various
25 individuals, firms, and corporations for sundry claims. These
26 appropriations are to be disbursed on vouchers approved by the director
27 of general administration, except as otherwise provided, as follows:

- 28 (1) Reimbursement of criminal defendants acquitted on the basis of
29 self-defense, pursuant to RCW 9A.16.110: Kelly C. Schwartz, claim
30 number SCJ 03-10 \$18,250
- 31 (2) Payment from the state wildlife account for damage to crops by
32 wildlife, pursuant to RCW 77.36.050:
 - 33 (a) Circle S Landscape Supplies, claim number
 - 34 SCG 03-05 \$49,380
 - 35 (b) Marilyn Lund Farms, claim number SCG 03-08 \$17,175
 - 36 (c) Paul Gibbons, claim number SCG 03-09 \$12,414
 - 37 (d) Bud Hamilton, claim number SCG 03-10 \$15,591

- 1 (e) Richard Anderson, claim number SCG 03-11 \$75,933
- 2 (f) Neil Ice, claim number SCG 03-12 \$73,474
- 3 (g) Carl Anderson, claim number SCG 03-13 \$120,943

4 ***NEW SECTION. Sec. 724. AGENCY EXPENDITURES FOR LEGISLATIVE**
5 **LIAISONS.** *During the 2003-05 fiscal biennium, no state agency or*
6 *institution may expend any moneys appropriated in this act to employ*
7 *legislative liaisons or contract for legislative liaisons. However,*
8 *each independently elected statewide official may employ one FTE*
9 *legislative liaison during the 2003-05 fiscal biennium. The office of*
10 *financial management shall reduce allotments for agencies by \$3,257,000*
11 *from 2003-05 biennial general fund appropriations in this act to*
12 *reflect the elimination of the expenditures identified in LEAP document*
13 *34, a computerized tabulation developed by the legislative evaluation*
14 *and accountability program committee on April 3, 2003. The general*
15 *fund allotment reduction shall be placed in unallotted status and*
16 *remain unexpended.*

17 *State funds provided in Part V of this act may not be expended by*
18 *or for any organization, association, or other entity to influence the*
19 *passage or defeat of any legislation by the legislature of the state of*
20 **Washington.**

**Sec. 724 was vetoed. See message at end of chapter.*

21 **NEW SECTION. Sec. 725.** 2003 c 360 s 408 (uncodified) is repealed.

22 **NEW SECTION. Sec. 726.** A new section is added to 2003 c 360
23 (uncodified) to read as follows:

24 **FOR THE OFFICE OF FINANCIAL MANAGEMENT--CONTRIBUTIONS TO RETIREMENT**
25 **SYSTEMS.**

- 26 Aeronautics Account--State Appropriation (\$8,000)
- 27 State Patrol Highway Account--State Appropriation (\$443,000)
- 28 State Patrol Highway Account--Federal Appropriation (\$16,000)
- 29 State Patrol Highway Account--Local Appropriation (\$6,000)
- 30 Motorcycle Safety Education Account--State
31 Appropriation (\$2,000)
- 32 Rural Arterial Trust Account--State Appropriation (\$4,000)
- 33 Wildlife Account--State Appropriation (\$2,000)
- 34 Highway Safety Account--State Appropriation (\$461,000)
- 35 Highway Safety Account--Federal Appropriation (\$14,000)

1	Motor Vehicle Account--State Appropriation	(\$2,305,000)
2	Puget Sound Ferry Operations Account--State	
3	Appropriation	(\$1,414,000)
4	Urban Arterial Trust Account--State Appropriation	(\$10,000)
5	Transportation Improvement Account--State	
6	Appropriation	(\$10,000)
7	County Arterial Preservation Account--State	
8	Appropriation	(\$4,000)
9	Department of Licensing Services Account--State	
10	Appropriation	(\$2,000)
11	Multi-Modal Transportation Account--State	
12	Appropriation	(\$154,000)
13	TOTAL APPROPRIATION	(\$4,855,000)

14 The office of financial management shall update agency
15 appropriation schedules to reflect the addition of the funding in this
16 section, as identified by agency and fund in LEAP document 2003-37
17 dated May 27, 2003. The appropriations in this section are provided
18 solely for funding agency pension changes as set forth in Senate Bill
19 No. 6029 or House Bill No. 2254.

(End of part)

PART VIII

OTHER TRANSFERS AND APPROPRIATIONS

NEW SECTION. Sec. 801. FOR THE STATE TREASURER--STATE REVENUES FOR DISTRIBUTION

Table with 2 columns: Description and Amount. Rows include: General Fund Appropriation for fire insurance premium distributions (\$4,711,500), General Fund Appropriation for public utility district excise tax distributions (\$39,273,684), General Fund Appropriation for prosecuting attorney distributions (\$3,441,197), General Fund Appropriation for boating safety and education distributions (\$4,074,300), General Fund Appropriation for other tax distributions (\$34,750), Death Investigations Account Appropriation for distribution to counties for publicly funded autopsies (\$2,123,723), Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution (\$187,068), Timber Tax Distribution Account Appropriation for distribution to "timber" counties (\$51,192,170), County Criminal Justice Assistance Appropriation (\$52,131,000), Municipal Criminal Justice Assistance Appropriation (\$21,069,000), Liquor Excise Tax Account Appropriation for liquor excise tax distribution (\$32,624,831), Liquor Revolving Account Appropriation for liquor profits distribution (\$57,511,693), and TOTAL APPROPRIATION (\$268,374,916).

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

1 NEW SECTION. **Sec. 802. FOR THE STATE TREASURER--FOR THE COUNTY**
2 **CRIMINAL JUSTICE ASSISTANCE ACCOUNT**

3 Impaired Driving Safety Account Appropriation \$1,896,502

4 The appropriation in this section is subject to the following
5 conditions and limitations: The amount appropriated in this section
6 shall be distributed quarterly during the 2003-05 biennium in
7 accordance with RCW 82.14.310. This funding is provided to counties
8 for the costs of implementing criminal justice legislation including,
9 but not limited to: Chapter 206, Laws of 1998 (drunk driving
10 penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208,
11 Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998
12 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock
13 violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212,
14 Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication
15 levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter
16 215, Laws of 1998 (DUI provisions).

17 NEW SECTION. **Sec. 803. FOR THE STATE TREASURER--FOR THE MUNICIPAL**
18 **CRIMINAL JUSTICE ASSISTANCE ACCOUNT**

19 Impaired Driving Safety Account Appropriation \$1,264,335

20 The appropriation in this section is subject to the following
21 conditions and limitations: The amount appropriated in this section
22 shall be distributed quarterly during the 2003-05 biennium to all
23 cities ratably based on population as last determined by the office of
24 financial management. The distributions to any city that substantially
25 decriminalizes or repeals its criminal code after July 1, 1990, and
26 that does not reimburse the county for costs associated with criminal
27 cases under RCW 3.50.800 or 3.50.805(2), shall be made to the county in
28 which the city is located. This funding is provided to cities for the
29 costs of implementing criminal justice legislation including, but not
30 limited to: Chapter 206, Laws of 1998 (drunk driving penalties);
31 chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998
32 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license
33 suspension); chapter 210, Laws of 1998 (ignition interlock violations);
34 chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998
35 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels
36 lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215,
37 Laws of 1998 (DUI provisions).

1 to the water quality account \$8,182,000
2 State Treasurer's Service Account: For
3 transfer to the general fund \$10,000,000
4 Public Works Assistance Account: For
5 transfer to the drinking water
6 assistance account \$8,387,000
7 Tobacco Settlement Account: For transfer
8 to the health services account, in an
9 amount not to exceed the actual balance
10 of the tobacco settlement account \$185,000,000
11 Health Service Account: For transfer
12 to the violence reduction and drug
13 enforcement account \$7,789,000
14 Nisqually Earthquake Account: For transfer to
15 the disaster response account \$6,200,000
16 Industrial Insurance Premium Refund Account:
17 For transfer to the state general fund \$577,000
18 Public Service Revolving Account: For transfer
19 to the state general fund \$1,600,000
20 State Forest Nursery Revolving Account: For transfer
21 to the state general fund, \$250,000 for fiscal
22 year 2004 and \$250,000 for fiscal year 2005 \$500,000
23 Flood Control Assistance Account: For transfer
24 to the state general fund, \$1,350,000 for
25 fiscal year 2004 and \$1,350,000 for fiscal
26 year 2005 \$2,700,000
27 Water Quality Account: For transfer to the water
28 pollution control account \$10,500,000
29 General Fund: For transfer to the water quality
30 account, \$3,870,000 for fiscal year 2004 and
31 \$4,557,000 for fiscal year 2005 \$8,427,000
32 Insurance Commissioner's Regulatory Account:
33 For transfer to the state general fund \$1,500,000
34 Health Services Account: For transfer to the
35 tobacco prevention and control account \$24,216,000
36 From the Emergency Reserve Fund: For transfer
37 to the state general fund, not to exceed
38 the actual balance of the emergency reserve fund.

1 This transfer is intended to liquidate the
2 emergency reserve fund \$59,350,000
3 Department of Retirement Systems Expense Account:
4 For transfer to the state general fund \$1,500,000
5 Woodstove Education and Enforcement Account:
6 For transfer to the air pollution control account \$600,000
7 Multimodal Transportation Account: For transfer
8 to the air pollution control account for
9 fiscal year 2004. The amount transferred
10 shall be deposited into the segregated
11 subaccount of the air pollution control
12 account created in Engrossed Substitute
13 Senate Bill No. 6072, chapter 264, Laws of
14 2003. The state treasurer shall perform the
15 transfer from the multimodal transportation
16 account to the air pollution control subaccount
17 on a quarterly basis \$4,170,726
18 Multimodal Transportation Account: For transfer
19 to the vessel response account for fiscal
20 year 2004 \$1,213,704
21 Resource Management Cost Account: For transfer
22 to the contract harvesting revolving account \$250,000
23 Forest Development Account: For transfer to the
24 contract harvesting revolving account \$250,000
25 Site Closure Account: For transfer to the
26 state general fund \$13,800,000
27 Health Services Account: For transfer to the
28 general fund--state for fiscal year 2005 \$1,250,000

29 NEW SECTION. **Sec. 806. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--**
30 **TRANSFERS**

31 General Fund--State Appropriation: For
32 transfer to the department of retirement
33 systems expense account: For the
34 administrative expenses of the judicial
35 retirement system \$21,901

(End of part)

1 (3) Each project will be planned and designed to take optimal
2 advantage of Internet technologies and protocols. Agencies shall
3 ensure that the project is in compliance with the architecture,
4 infrastructure, principles, policies, and standards of digital
5 government as maintained by the information services board.

6 (4) The agency shall produce a feasibility study for information
7 technology projects at the direction of the information services board
8 and in accordance with published department of information services
9 policies and guidelines. At a minimum, such studies shall include a
10 statement of: (a) The purpose or impetus for change; (b) the business
11 value to the agency, including an examination and evaluation of
12 benefits, advantages, and cost; (c) a comprehensive risk assessment
13 based on the proposed project's impact on both citizens and state
14 operations, its visibility, and the consequences of doing nothing; (d)
15 the impact on agency and statewide information infrastructure; and (e)
16 the impact of the proposed enhancements to an agency's information
17 technology capabilities on meeting service delivery demands.

18 (5) The agency shall produce a comprehensive management plan for
19 each project. The plan or plans shall address all factors critical to
20 successful completion of each project. The plan(s) shall include, but
21 is not limited to, the following elements: A description of the
22 problem or opportunity that the information technology project is
23 intended to address; a statement of project objectives and assumptions;
24 a definition and schedule of phases, tasks, and activities to be
25 accomplished; and the estimated cost of each phase. The planning for
26 the phased approach shall be such that the business case justification
27 for a project needs to demonstrate how the project recovers cost or
28 adds measurable value or positive cost benefit to the agency's business
29 functions within each development cycle.

30 (6) The agency shall produce quality assurance plans for
31 information technology projects. Consistent with the direction of the
32 information services board and the published policies and guidelines of
33 the department of information services, the quality assurance plan
34 shall address all factors critical to successful completion of the
35 project and successful integration with the agency and state
36 information technology infrastructure. At a minimum, quality assurance
37 plans shall provide time and budget benchmarks against which project
38 progress can be measured, a specification of quality assurance

1 responsibilities, and a statement of reporting requirements. The
2 quality assurance plans shall set out the functionality requirements
3 for each phase of a project.

4 (7) A copy of each feasibility study, project management plan, and
5 quality assurance plan shall be provided to the department of
6 information services, the office of financial management, and
7 legislative fiscal committees. The plans and studies shall demonstrate
8 a sound business case that justifies the investment of taxpayer funds
9 on any new project, an assessment of the impact of the proposed system
10 on the existing information technology infrastructure, the disciplined
11 use of preventative measures to mitigate risk, and the leveraging of
12 private-sector expertise as needed. Authority to expend any funds for
13 individual information systems projects is conditioned on the approval
14 of the relevant feasibility study, project management plan, and quality
15 assurance plan by the department of information services and the office
16 of financial management.

17 (8) Quality assurance status reports shall be submitted to the
18 department of information services, the office of financial management,
19 and legislative fiscal committees at intervals specified in the
20 project's quality assurance plan.

21 NEW SECTION. **Sec. 903. VIDEO TELECOMMUNICATIONS.** The department
22 of information services shall act as lead agency in coordinating video
23 telecommunications services for state agencies. As lead agency, the
24 department shall develop standards and common specifications for leased
25 and purchased telecommunications equipment and assist state agencies in
26 developing a video telecommunications expenditure plan. No agency may
27 spend any portion of any appropriation in this act for new video
28 telecommunication equipment, new video telecommunication transmission,
29 or new video telecommunication programming, or for expanding current
30 video telecommunication systems without first complying with chapter
31 43.105 RCW, including but not limited to, RCW 43.105.041(2), and
32 without first submitting a video telecommunications expenditure plan,
33 in accordance with the policies of the department of information
34 services, for review and assessment by the department of information
35 services under RCW 43.105.052. Prior to any such expenditure by a
36 public school, a video telecommunications expenditure plan shall be
37 approved by the superintendent of public instruction. The office of

1 the superintendent of public instruction shall submit the plans to the
2 department of information services in a form prescribed by the
3 department. The office of the superintendent of public instruction
4 shall coordinate the use of video telecommunications in public schools
5 by providing educational information to local school districts and
6 shall assist local school districts and educational service districts
7 in telecommunications planning and curriculum development. Prior to
8 any such expenditure by a public institution of postsecondary
9 education, a telecommunications expenditure plan shall be approved by
10 the higher education coordinating board. The higher education
11 coordinating board shall coordinate the use of video telecommunications
12 for instruction and instructional support in postsecondary education,
13 including the review and approval of instructional telecommunications
14 course offerings.

15 NEW SECTION. **Sec. 904. PROGRAM COST SHIFTS.** Any program costs
16 or moneys in this act that are shifted to the general fund from another
17 fund or account require an adjustment to the expenditure limit under
18 RCW 43.135.035(5).

19 NEW SECTION. **Sec. 905. EMERGENCY FUND ALLOCATIONS.** Whenever
20 allocations are made from the governor's emergency fund appropriation
21 to an agency that is financed in whole or in part by other than general
22 fund moneys, the director of financial management may direct the
23 repayment of such allocated amount to the general fund from any balance
24 in the fund or funds which finance the agency. No appropriation shall
25 be necessary to effect such repayment.

26 NEW SECTION. **Sec. 906. STATUTORY APPROPRIATIONS.** In addition
27 to the amounts appropriated in this act for revenues for distribution,
28 state contributions to the law enforcement officers' and fire fighters'
29 retirement system plan 2, and bond retirement and interest including
30 ongoing bond registration and transfer charges, transfers, interest on
31 registered warrants, and certificates of indebtedness, there is also
32 appropriated such further amounts as may be required or available for
33 these purposes under any statutory formula or under chapters 39.94 and
34 39.96 RCW or any proper bond covenant made under law.

1 NEW SECTION. **Sec. 907. BOND EXPENSES.** In addition to such other
2 appropriations as are made by this act, there is hereby appropriated to
3 the state finance committee from legally available bond proceeds in the
4 applicable construction or building funds and accounts such amounts as
5 are necessary to pay the expenses incurred in the issuance and sale of
6 the subject bonds.

7 NEW SECTION. **Sec. 908. VOLUNTARY SEPARATION INCENTIVES.** As a
8 management tool to reduce costs and make more effective use of
9 resources, while improving employee productivity and morale, agencies
10 may offer voluntary separation and/or downshifting incentives and
11 options according to procedures and guidelines established by the
12 department of personnel and the department of retirement systems in
13 consultation with the office of financial management. The options may
14 include, but are not limited to, financial incentives for: Voluntary
15 resignation and retirement, voluntary leave-without-pay, voluntary
16 workweek or work hour reduction, voluntary downward movement, or
17 temporary separation for development purposes. No employee shall have
18 a contractual right to a financial incentive offered pursuant to this
19 section.

20 Agencies shall report on the outcomes of their plans, and offers
21 shall be reviewed and monitored jointly by the department of personnel
22 and the department of retirement systems, for reporting to the office
23 of financial management by December 1, 2004.

24 NEW SECTION. **Sec. 909. VOLUNTARY RETIREMENT INCENTIVES.** It is
25 the intent of the legislature that agencies may implement a voluntary
26 retirement incentive program that is cost neutral or results in cost
27 savings provided that such a program is approved by the director of
28 retirement systems and the office of financial management. Agencies
29 participating in this authorization are required to submit a report by
30 June 30, 2005, to the legislature and the office of financial
31 management on the outcome of their approved retirement incentive
32 program. The report should include information on the details of the
33 program including resulting service delivery changes, agency
34 efficiencies, the cost of the retirement incentive per participant, the
35 total cost to the state, and the projected or actual net dollar savings
36 over the 2003-05 biennium.

1 **Sec. 910.** RCW 19.28.351 and 1988 c 81 s 11 are each amended to
2 read as follows:

3 All sums received from licenses, permit fees, or other sources,
4 herein shall be paid to the state treasurer and placed in a special
5 fund designated as the "electrical license fund," and (~~by him~~) paid
6 out upon vouchers duly and regularly issued therefor and approved by
7 the director of labor and industries or the director's designee
8 following determination by the board that the sums are necessary to
9 accomplish the intent of chapter 19.28 RCW. The treasurer shall keep
10 an accurate record of payments into, or receipts of, (~~said~~) the fund,
11 and of all disbursements therefrom.

12 During the 2003-2005 biennium, the legislature may transfer moneys
13 from the electrical license fund to the state general fund such amounts
14 as reflect the excess fund balance of the fund.

15 **Sec. 911.** RCW 28A.305.210 and 1975 1st ex.s. c 275 s 51 are each
16 amended to read as follows:

17 (1) The state board of education, by rule or regulation, may
18 require the assistance of educational service district boards and/or
19 superintendents in the performance of any duty, authority, or power
20 imposed upon or granted to the state board of education by law, upon
21 such terms and conditions as the state board of education shall
22 establish. Such authority to assist the state board of education shall
23 be limited to the service function of information collection and
24 dissemination and the attestment to the accuracy and completeness of
25 submitted information.

26 (2) During the 2003-05 biennium, educational service districts may,
27 at the request of the state board of education, receive and screen
28 applications for school accreditation, conduct school accreditation
29 site visits pursuant to state board of education rules, and submit to
30 the state board of education post-site visit recommendations for school
31 accreditation. The educational service districts may assess a
32 cooperative service fee to recover actual plus reasonable indirect
33 costs for the purposes of this subsection.

34 **Sec. 912.** RCW 28A.500.030 and 2002 c 317 s 4 are each amended to
35 read as follows:

1 Allocation of state matching funds to eligible districts for local
2 effort assistance shall be determined as follows:

3 (1) Funds raised by the district through maintenance and operation
4 levies shall be matched with state funds using the following ratio of
5 state funds to levy funds:

6 (a) The difference between the district's twelve percent levy rate
7 and the statewide average twelve percent levy rate; to

8 (b) The statewide average twelve percent levy rate.

9 (2) The maximum amount of state matching funds for districts
10 eligible for local effort assistance shall be the district's twelve
11 percent levy amount, multiplied by the following percentage:

12 (a) The difference between the district's twelve percent levy rate
13 and the statewide average twelve percent levy rate; divided by

14 (b) The district's twelve percent levy rate.

15 (3) Calendar year 2003 allocations and maximum eligibility under
16 this chapter shall be multiplied by 0.99.

17 (4) From January 1, 2004, to June 30, 2005, allocations and maximum
18 eligibility under this chapter shall be multiplied by 0.937.

19 **Sec. 913.** RCW 38.52.106 and 2002 c 371 s 904 are each amended to
20 read as follows:

21 The Nisqually earthquake account is created in the state treasury.
22 Moneys may be placed in the account from tax revenues, budget transfers
23 or appropriations, federal appropriations, gifts, or any other lawful
24 source. Moneys in the account may be spent only after appropriation.
25 Moneys in the account shall be used only to support state and local
26 government disaster response and recovery efforts associated with the
27 Nisqually earthquake. During the ~~((2001-))~~ 2003-2005 fiscal biennium,
28 the legislature may transfer moneys from the Nisqually earthquake
29 account to the disaster response account for fire suppression and
30 mobilization costs ~~((, and costs associated with national security~~
31 ~~preparedness activities))~~.

32 **Sec. 914.** RCW 41.50.110 and 2003 c 295 (SHB 1204) s 3 and 2003 c
33 294 (HB 1200) s 11 are each reenacted and amended to read as follows:

34 (1) Except as provided by RCW 41.50.255 and subsection (6) of this
35 section, all expenses of the administration of the department, the
36 expenses of administration of the retirement systems, and the expenses

1 of the administration of the office of the state actuary created in
2 chapters 2.10, 2.12, 41.26, 41.32, 41.40, 41.34, 41.35, 43.43, and
3 44.44 RCW shall be paid from the department of retirement systems
4 expense fund.

5 (2) In order to reimburse the department of retirement systems
6 expense fund on an equitable basis the department shall ascertain and
7 report to each employer, as defined in RCW 41.26.030, 41.32.010,
8 41.35.010, or 41.40.010, the sum necessary to defray its proportional
9 share of the entire expense of the administration of the retirement
10 system that the employer participates in during the ensuing biennium or
11 fiscal year whichever may be required. Such sum is to be computed in
12 an amount directly proportional to the estimated entire expense of the
13 administration as the ratio of monthly salaries of the employer's
14 members bears to the total salaries of all members in the entire
15 system. It shall then be the duty of all such employers to include in
16 their budgets or otherwise provide the amounts so required.

17 (3) The department shall compute and bill each employer, as defined
18 in RCW 41.26.030, 41.32.010, 41.35.010, or 41.40.010, at the end of
19 each month for the amount due for that month to the department of
20 retirement systems expense fund and the same shall be paid as are its
21 other obligations. Such computation as to each employer shall be made
22 on a percentage rate of salary established by the department. However,
23 the department may at its discretion establish a system of billing
24 based upon calendar year quarters in which event the said billing shall
25 be at the end of each such quarter.

26 (4) The director may adjust the expense fund contribution rate for
27 each system at any time when necessary to reflect unanticipated costs
28 or savings in administering the department.

29 (5) An employer who fails to submit timely and accurate reports to
30 the department may be assessed an additional fee related to the
31 increased costs incurred by the department in processing the deficient
32 reports. Fees paid under this subsection shall be deposited in the
33 retirement system expense fund.

34 (a) Every six months the department shall determine the amount of
35 an employer's fee by reviewing the timeliness and accuracy of the
36 reports submitted by the employer in the preceding six months. If
37 those reports were not both timely and accurate the department may
38 prospectively assess an additional fee under this subsection.

1 (b) An additional fee assessed by the department under this
2 subsection shall not exceed fifty percent of the standard fee.

3 (c) The department shall adopt rules implementing this section.

4 (6) Expenses other than those under RCW 41.34.060(3) shall be paid
5 pursuant to subsection (1) of this section.

6 (7) During the 2003-2005 fiscal biennium, the legislature may
7 transfer from the department of retirement systems' expense fund to the
8 state general fund such amounts as reflect the excess fund balance of
9 the fund.

10 **Sec. 915.** RCW 43.03.050 and 1990 c 30 s 1 are each amended to read
11 as follows:

12 (1) The director of financial management shall prescribe reasonable
13 allowances to cover reasonable and necessary subsistence and lodging
14 expenses for elective and appointive officials and state employees
15 while engaged on official business away from their designated posts of
16 duty. The director of financial management may prescribe and regulate
17 the allowances provided in lieu of subsistence and lodging expenses and
18 may prescribe the conditions under which reimbursement for subsistence
19 and lodging may be allowed. The schedule of allowances adopted by the
20 office of financial management may include special allowances for
21 foreign travel and other travel involving higher than usual costs for
22 subsistence and lodging. The allowances established by the director
23 shall not exceed the rates set by the federal government for federal
24 employees. However, during the 2003-05 fiscal biennium, the allowances
25 for any county that is part of a metropolitan statistical area, the
26 largest city of which is in another state, shall equal the allowances
27 prescribed for that larger city.

28 (2) Those persons appointed to serve without compensation on any
29 state board, commission, or committee, if entitled to payment of
30 travel expenses, shall be paid pursuant to special per diem rates
31 prescribed in accordance with subsection (1) of this section by the
32 office of financial management.

33 (3) The director of financial management may prescribe reasonable
34 allowances to cover reasonable expenses for meals, coffee, and light
35 refreshment served to elective and appointive officials and state
36 employees regardless of travel status at a meeting where: (a) The
37 purpose of the meeting is to conduct official state business or to

1 provide formal training to state employees or state officials; (b) the
2 meals, coffee, or light refreshment are an integral part of the meeting
3 or training session; (c) the meeting or training session takes place
4 away from the employee's or official's regular workplace; and (d) the
5 agency head or authorized designee approves payments in advance for the
6 meals, coffee, or light refreshment. In order to prevent abuse, the
7 director may regulate such allowances and prescribe additional
8 conditions for claiming the allowances.

9 (4) Upon approval of the agency head or authorized designee, an
10 agency may serve coffee or light refreshments at a meeting where: (a)
11 The purpose of the meeting is to conduct state business or to provide
12 formal training that benefits the state; and (b) the coffee or light
13 refreshment is an integral part of the meeting or training session.
14 The director of financial management shall adopt requirements necessary
15 to prohibit abuse of the authority authorized in this subsection.

16 (5) The schedule of allowances prescribed by the director under the
17 terms of this section and any subsequent increases in any maximum
18 allowance or special allowances for areas of higher than usual costs
19 shall be reported to the ways and means committees of the house of
20 representatives and the senate at each regular session of the
21 legislature.

22 **Sec. 916.** RCW 43.08.190 and 1991 sp.s. c 13 s 83 are each amended
23 to read as follows:

24 There is hereby created a fund within the state treasury to be
25 known as the "state treasurer's service fund". Such fund shall be used
26 solely for the payment of costs and expenses incurred in the operation
27 and administration of the state treasurer's office.

28 Moneys shall be allocated monthly and placed in the state
29 treasurer's service fund equivalent to a maximum of one percent of the
30 trust and treasury average daily cash balances from the earnings
31 generated under the authority of RCW 43.79A.040 and 43.84.080 other
32 than earnings generated from investment of balances in funds and
33 accounts specified in RCW 43.79.040(~~((2)(b))~~) or 43.84.092(~~((2)(b))~~)
34 (4)(b). The allocation shall precede the distribution of the remaining
35 earnings as prescribed under RCW 43.79A.040 and 43.84.092. The state
36 treasurer shall establish a uniform allocation rate based on the
37 appropriations for the treasurer's office.

1 During the 2003-2005 fiscal biennium, the legislature may transfer
2 from the state treasurer's service fund to the state general fund such
3 amounts as reflect the excess fund balance of the fund.

4 **Sec. 917.** RCW 43.10.180 and 1979 c 151 s 95 are each amended to
5 read as follows:

6 (1) The attorney general shall keep such records as are necessary
7 to facilitate proper allocation of costs to funds and agencies served
8 and the director of financial management shall prescribe appropriate
9 accounting procedures to accurately allocate costs to funds and
10 agencies served. Billings shall be adjusted in line with actual costs
11 incurred at intervals not to exceed six months.

12 (2) During the 2003-05 fiscal biennium, all expenses for
13 administration of the office of the attorney general shall be allocated
14 to and paid from the legal services revolving fund in accordance with
15 accounting procedures prescribed by the director of financial
16 management.

17 **Sec. 918.** RCW 43.08.250 and 2001 2nd sp.s. c 7 s 914 and 2001 c
18 289 s 4 are each reenacted and amended to read as follows:

19 The money received by the state treasurer from fees, fines,
20 forfeitures, penalties, reimbursements or assessments by any court
21 organized under Title 3 or 35 RCW, or chapter 2.08 RCW, shall be
22 deposited in the public safety and education account which is hereby
23 created in the state treasury. The legislature shall appropriate the
24 funds in the account to promote traffic safety education, highway
25 safety, criminal justice training, crime victims' compensation,
26 judicial education, the judicial information system, civil
27 representation of indigent persons, winter recreation parking, drug
28 court operations, and state game programs. During the fiscal biennium
29 ending June 30, ((2003)) 2005, the legislature may appropriate moneys
30 from the public safety and education account for purposes of appellate
31 indigent defense and other operations of the office of public defense,
32 the criminal litigation unit of the attorney general's office, the
33 treatment alternatives to street crimes program, crime victims advocacy
34 programs, justice information network telecommunication planning,
35 treatment for supplemental security income clients, sexual assault
36 treatment, operations of the office of administrator for the courts,

1 security in the common schools, alternative school start-up grants,
2 programs for disruptive students, criminal justice data collection,
3 Washington state patrol criminal justice activities, drug court
4 operations, unified family courts, local court backlog assistance,
5 financial assistance to local jurisdictions for extraordinary costs
6 incurred in the adjudication of criminal cases, domestic violence
7 treatment and related services, the department of corrections' costs in
8 implementing chapter 196, Laws of 1999, reimbursement of local
9 governments for costs associated with implementing criminal and civil
10 justice legislation, the replacement of the department of corrections'
11 offender-based tracking system, secure and semi-secure crisis
12 residential centers, HOPE beds, the family policy council and community
13 public health and safety networks, the street youth program, public
14 notification about registered sex offenders, and narcotics or
15 methamphetamine-related enforcement, education, training, and drug and
16 alcohol treatment services.

17 **Sec. 919.** RCW 43.43.944 and 1999 c 117 s 2 are each amended to
18 read as follows:

19 (1) The fire service training account is hereby established in the
20 state treasury. The fund shall consist of:

21 (a) All fees received by the Washington state patrol for fire
22 service training;

23 (b) All grants and bequests accepted by the Washington state patrol
24 under RCW 43.43.940; and

25 (c) Twenty percent of all moneys received by the state on fire
26 insurance premiums.

27 (2) Moneys in the account may be appropriated only for fire service
28 training. During the 2003-2005 fiscal biennium, the legislature may
29 appropriate funds from this account for school fire prevention
30 activities within the Washington state patrol.

31 **Sec. 920.** RCW 43.135.045 and 2001 c 3 s 9, 2000 2nd sp.s. c 5 s 1,
32 and 2000 2nd sp.s. c 2 s 3 are each reenacted and amended to read as
33 follows:

34 (1) The emergency reserve fund is established in the state
35 treasury. During each fiscal year, the state treasurer shall deposit
36 in the emergency reserve fund all general fund--state revenues in

1 excess of the state expenditure limit for that fiscal year. Deposits
2 shall be made at the end of each fiscal quarter based on projections of
3 state revenues and the state expenditure limit. The treasurer shall
4 make transfers between these accounts as necessary to reconcile actual
5 annual revenues and the expenditure limit for fiscal year 2000 and
6 thereafter.

7 (2) The legislature may appropriate moneys from the emergency
8 reserve fund only with approval of at least two-thirds of the members
9 of each house of the legislature, and then only if the appropriation
10 does not cause total expenditures to exceed the state expenditure limit
11 under this chapter.

12 (3) The emergency reserve fund balance shall not exceed five
13 percent of annual general fund--state revenues as projected by the
14 official state revenue forecast. Any balance in excess of five percent
15 shall be transferred on a quarterly basis by the state treasurer as
16 follows: Seventy-five percent to the student achievement fund hereby
17 created in the state treasury and twenty-five percent to the general
18 fund balance. The treasurer shall make transfers between these
19 accounts as necessary to reconcile actual annual revenues for fiscal
20 year 2000 and thereafter. When per-student state funding for the
21 maintenance and operation of K-12 education meets a level of no less
22 than ninety percent of the national average of total funding from all
23 sources per student as determined by the most recent published data
24 from the national center for education statistics of the United States
25 department of education, as calculated by the office of financial
26 management, further deposits to the student achievement fund shall be
27 required only to the extent necessary to maintain the ninety-percent
28 level. Remaining funds are part of the general fund balance and these
29 funds are subject to the expenditure limits of this chapter.

30 (4) The education construction fund is hereby created in the state
31 treasury.

32 (a) Funds may be appropriated from the education construction fund
33 exclusively for common school construction or higher education
34 construction.

35 (b) Funds may be appropriated for any other purpose only if
36 approved by a two-thirds vote of each house of the legislature and if
37 approved by a vote of the people at the next general election. An
38 appropriation approved by the people under this subsection shall result

1 in an adjustment to the state expenditure limit only for the fiscal
2 period for which the appropriation is made and shall not affect any
3 subsequent fiscal period.

4 (5) Funds from the student achievement fund shall be appropriated
5 to the superintendent of public instruction strictly for distribution
6 to school districts to meet the provisions set out in the student
7 achievement act. Allocations shall be made on an equal per full-time
8 equivalent student basis to each school district.

9 (6) Earnings of the emergency reserve fund under RCW
10 43.84.092(4)(a) shall be transferred quarterly to the multimodal
11 transportation account, except for those earnings that are in excess of
12 thirty-five million dollars each fiscal year. Within thirty days
13 following any fiscal year in which earnings transferred to the
14 multimodal transportation account under this subsection did not total
15 thirty-five million dollars, the state treasurer shall transfer from
16 the emergency reserve fund an amount necessary to bring the total
17 deposited in the multimodal transportation account under this
18 subsection to thirty-five million dollars. The revenues to the
19 multimodal transportation account reflected in this subsection provide
20 ongoing support for the transportation programs of the state. However,
21 it is the intent of the legislature that any new long-term financial
22 support that may be subsequently provided for transportation programs
23 will be used to replace and supplant the revenues reflected in this
24 subsection, thereby allowing those revenues to be returned to the
25 purposes to which they were previously dedicated. No transfers from
26 the emergency reserve fund to the multimodal fund shall be made during
27 the 2003-05 fiscal biennium.

28 **Sec. 921.** RCW 43.320.110 and 2002 c 371 s 912 are each amended to
29 read as follows:

30 There is created a local fund known as the "financial services
31 regulation fund" which shall consist of all moneys received by the
32 divisions of the department of financial institutions, except for the
33 division of securities which shall deposit thirteen percent of all
34 moneys received, and which shall be used for the purchase of supplies
35 and necessary equipment; the payment of salaries, wages, and utilities;
36 the establishment of reserves; and other incidental costs required for
37 the proper regulation of individuals and entities subject to regulation

1 by the department. The state treasurer shall be the custodian of the
2 fund. Disbursements from the fund shall be on authorization of the
3 director of financial institutions or the director's designee. In
4 order to maintain an effective expenditure and revenue control, the
5 fund shall be subject in all respects to chapter 43.88 RCW, but no
6 appropriation is required to permit expenditures and payment of
7 obligations from the fund.

8 ~~((Between July 1, 2001, and December 31, 2001, the legislature may
9 transfer up to two million dollars from the financial services
10 regulation fund to the digital government revolving account.))~~ During
11 the ~~((2001-))~~ 2003-2005 fiscal biennium, the legislature may transfer
12 from the financial services regulation fund to the state general fund
13 such amounts as reflect the excess fund balance of the fund ~~((and
14 appropriations reductions made by the 2002 supplemental appropriations
15 act for administrative efficiencies and savings))~~.

16 **Sec. 922.** RCW 46.09.170 and 1995 c 166 s 9 are each amended to
17 read as follows:

18 (1) From time to time, but at least once each year, the state
19 treasurer shall refund from the motor vehicle fund one percent of the
20 motor vehicle fuel tax revenues collected under chapter 82.36 RCW,
21 based on the tax rate in effect January 1, 1990, less proper deductions
22 for refunds and costs of collection as provided in RCW 46.68.090. The
23 treasurer shall place these funds in the general fund as follows:

24 (a) Forty percent shall be credited to the ORV and nonhighway
25 vehicle account and administered by the department of natural resources
26 solely for planning, maintenance, and management of ORV recreation
27 facilities, nonhighway roads, and nonhighway road recreation
28 facilities. The funds under this subsection shall be expended in
29 accordance with the following limitations:

30 (i) Not more than five percent may be expended for information
31 programs under this chapter;

32 (ii) Not less than ten percent and not more than fifty percent may
33 be expended for ORV recreation facilities;

34 (iii) Not more than twenty-five percent may be expended for
35 maintenance of nonhighway roads;

36 (iv) Not more than fifty percent may be expended for nonhighway
37 road recreation facilities;

1 (v) Ten percent shall be transferred to the interagency committee
2 for outdoor recreation for grants to law enforcement agencies in those
3 counties where the department of natural resources maintains ORV
4 facilities. This amount is in addition to those distributions made by
5 the interagency committee for outdoor recreation under (d)(i) of this
6 subsection;

7 (b) Three and one-half percent shall be credited to the ORV and
8 nonhighway vehicle account and administered by the department of fish
9 and wildlife solely for the acquisition, planning, development,
10 maintenance, and management of nonhighway roads and recreation
11 facilities;

12 (c) Two percent shall be credited to the ORV and nonhighway vehicle
13 account and administered by the parks and recreation commission solely
14 for the maintenance and management of ORV use areas and facilities; and

15 (d) Fifty-four and one-half percent, together with the funds
16 received by the interagency committee for outdoor recreation under RCW
17 46.09.110, shall be credited to the nonhighway and off-road vehicle
18 activities program account to be administered by the committee for
19 planning, acquisition, development, maintenance, and management of ORV
20 recreation facilities and nonhighway road recreation facilities; ORV
21 user education and information; and ORV law enforcement programs. The
22 funds under this subsection shall be expended in accordance with the
23 following limitations:

24 (i) Not more than twenty percent may be expended for ORV education,
25 information, and law enforcement programs under this chapter;

26 (ii) Not less than an amount equal to the funds received by the
27 interagency committee for outdoor recreation under RCW 46.09.110 and
28 not more than sixty percent may be expended for ORV recreation
29 facilities;

30 (iii) Not more than twenty percent may be expended for nonhighway
31 road recreation facilities.

32 (2) On a yearly basis an agency may not, except as provided in RCW
33 46.09.110, expend more than ten percent of the funds it receives under
34 this chapter for general administration expenses incurred in carrying
35 out this chapter.

36 (3) During the 2003-05 fiscal biennium, the legislature may
37 appropriate such amounts as reflect the excess fund balance in the ORV
38 account to the interagency committee for outdoor recreation, the

1 department of natural resources, the department of fish and wildlife,
2 and the state parks and recreation commission. This appropriation is
3 not required to follow the specific distribution specified in
4 subsection (1) of this section.

5 **Sec. 923.** RCW 48.02.190 and 2002 c 371 s 913 are each amended to
6 read as follows:

7 (1) As used in this section:

8 (a) "Organization" means every insurer, as defined in RCW
9 48.01.050, having a certificate of authority to do business in this
10 state and every health care service contractor registered to do
11 business in this state. "Class one" organizations shall consist of all
12 insurers as defined in RCW 48.01.050. "Class two" organizations shall
13 consist of all organizations registered under provisions of chapter
14 48.44 RCW.

15 (b) "Receipts" means (i) net direct premiums consisting of direct
16 gross premiums, as defined in RCW 48.18.170, paid for insurance written
17 or renewed upon risks or property resident, situated, or to be
18 performed in this state, less return premiums and premiums on policies
19 not taken, dividends paid or credited to policyholders on direct
20 business, and premiums received from policies or contracts issued in
21 connection with qualified plans as defined in RCW 48.14.021, and (ii)
22 prepayments to health care service contractors as set forth in RCW
23 48.44.010(3) less experience rating credits, dividends, prepayments
24 returned to subscribers, and payments for contracts not taken.

25 (2) The annual cost of operating the office of insurance
26 commissioner shall be determined by legislative appropriation. A pro
27 rata share of the cost shall be charged to all organizations. Each
28 class of organization shall contribute sufficient in fees to the
29 insurance commissioner's regulatory account to pay the reasonable
30 costs, including overhead, of regulating that class of organization.

31 (3) Fees charged shall be calculated separately for each class of
32 organization. The fee charged each organization shall be that portion
33 of the cost of operating the insurance commissioner's office, for that
34 class of organization, for the ensuing fiscal year that is represented
35 by the organization's portion of the receipts collected or received by
36 all organizations within that class on business in this state during

1 the previous calendar year: PROVIDED, That the fee shall not exceed
2 one-eighth of one percent of receipts: PROVIDED FURTHER, That the
3 minimum fee shall be one thousand dollars.

4 (4) The commissioner shall annually, on or before June 1, calculate
5 and bill each organization for the amount of its fee. Fees shall be
6 due and payable no later than June 15 of each year: PROVIDED, That if
7 the necessary financial records are not available or if the amount of
8 the legislative appropriation is not determined in time to carry out
9 such calculations and bill such fees within the time specified, the
10 commissioner may use the fee factors for the prior year as the basis
11 for the fees and, if necessary, the commissioner may impose
12 supplemental fees to fully and properly charge the organizations. The
13 penalties for failure to pay fees when due shall be the same as the
14 penalties for failure to pay taxes pursuant to RCW 48.14.060. The fees
15 required by this section are in addition to all other taxes and fees
16 now imposed or that may be subsequently imposed.

17 (5) All moneys collected shall be deposited in the insurance
18 commissioner's regulatory account in the state treasury which is hereby
19 created.

20 (6) Unexpended funds in the insurance commissioner's regulatory
21 account at the close of a fiscal year shall be carried forward in the
22 insurance commissioner's regulatory account to the succeeding fiscal
23 year and shall be used to reduce future fees. During the ((2001-2003))
24 2003-2005 fiscal biennium, the legislature may transfer from the
25 insurance commissioner's regulatory account to the state general fund
26 such amounts as reflect excess fund balance in the account.

27 **Sec. 924.** RCW 49.26.130 and 1989 c 154 s 9 are each amended to
28 read as follows:

29 (1) The department shall administer this chapter.

30 (2) The director of the department shall adopt, in accordance with
31 chapters 34.05 and 49.17 RCW, rules necessary to carry out this
32 chapter.

33 (3) The department shall prescribe fees for the issuance and
34 renewal of certificates, including recertification, and the
35 administration of examinations, and for the review of training courses.

36 (4) The asbestos account is hereby established in the state
37 treasury. All fees collected under this chapter shall be deposited in

1 the account. Moneys in the account shall be spent after appropriation
2 only for costs incurred by the department in the administration and
3 enforcement of this chapter. Disbursements from the account shall be
4 on authorization of the director of the department or the director's
5 designee.

6 (5) During the 2003-2005 fiscal biennium, the legislature may
7 transfer from the asbestos account to the state general fund such
8 amounts as reflect the excess fund balance in the account.

9 **Sec. 925.** RCW 50.16.010 and 2002 c 371 s 914 are each amended to
10 read as follows:

11 There shall be maintained as special funds, separate and apart from
12 all public moneys or funds of this state an unemployment compensation
13 fund, an administrative contingency fund, and a federal interest
14 payment fund, which shall be administered by the commissioner
15 exclusively for the purposes of this title, and to which RCW 43.01.050
16 shall not be applicable.

17 The unemployment compensation fund shall consist of

18 (1) all contributions and payments in lieu of contributions
19 collected pursuant to the provisions of this title,

20 (2) any property or securities acquired through the use of moneys
21 belonging to the fund,

22 (3) all earnings of such property or securities,

23 (4) any moneys received from the federal unemployment account in
24 the unemployment trust fund in accordance with Title XII of the social
25 security act, as amended,

26 (5) all money recovered on official bonds for losses sustained by
27 the fund,

28 (6) all money credited to this state's account in the unemployment
29 trust fund pursuant to section 903 of the social security act, as
30 amended,

31 (7) all money received from the federal government as reimbursement
32 pursuant to section 204 of the federal-state extended compensation act
33 of 1970 (84 Stat. 708-712; 26 U.S.C. Sec. 3304), and

34 (8) all moneys received for the fund from any other source.

35 All moneys in the unemployment compensation fund shall be
36 commingled and undivided.

1 The administrative contingency fund shall consist of all interest
2 on delinquent contributions collected pursuant to this title, all fines
3 and penalties collected pursuant to the provisions of this title, all
4 sums recovered on official bonds for losses sustained by the fund, and
5 revenue received under RCW 50.24.014: PROVIDED, That all fees, fines,
6 forfeitures and penalties collected or assessed by a district court
7 because of the violation of a state law shall be remitted as provided
8 in chapter 3.62 RCW as now exists or is later amended.

9 Moneys available in the administrative contingency fund, other than
10 money in the special account created under RCW 50.24.014, shall be
11 expended upon the direction of the commissioner, with the approval of
12 the governor, whenever it appears to him or her that such expenditure
13 is necessary for:

14 (a) The proper administration of this title and no federal funds
15 are available for the specific purpose to which such expenditure is to
16 be made, provided, the moneys are not substituted for appropriations
17 from federal funds which, in the absence of such moneys, would be made
18 available.

19 (b) The proper administration of this title for which purpose
20 appropriations from federal funds have been requested but not yet
21 received, provided, the administrative contingency fund will be
22 reimbursed upon receipt of the requested federal appropriation.

23 (c) The proper administration of this title for which compliance
24 and audit issues have been identified that establish federal claims
25 requiring the expenditure of state resources in resolution. Claims
26 must be resolved in the following priority: First priority is to
27 provide services to eligible participants within the state; second
28 priority is to provide substitute services or program support; and last
29 priority is the direct payment of funds to the federal government.

30 (d) During the ~~((2001-))~~2003-2005 fiscal biennium, the cost of
31 ~~((worker retraining programs))~~ the job skills program and the alliance
32 for corporate education at community and technical colleges as
33 appropriated by the legislature.

34 Money in the special account created under RCW 50.24.014 may only
35 be expended, after appropriation, for the purposes specified in RCW
36 50.62.010, 50.62.020, 50.62.030, 50.04.070, 50.04.072, 50.16.010,
37 50.29.025, 50.24.014, 50.44.053, and 50.22.010.

1 **Sec. 926.** RCW 51.44.170 and 2002 c 371 s 916 are each amended to
2 read as follows:

3 The industrial insurance premium refund account is created in the
4 custody of the state treasurer. All industrial insurance refunds
5 earned by state agencies or institutions of higher education under the
6 state fund retrospective rating program shall be deposited into the
7 account. The account is subject to the allotment procedures under
8 chapter 43.88 RCW, but no appropriation is required for expenditures
9 from the account. Only the executive head of the agency or institution
10 of higher education, or designee, may authorize expenditures from the
11 account. No agency or institution of higher education may make an
12 expenditure from the account for an amount greater than the refund
13 earned by the agency. If the agency or institution of higher education
14 has staff dedicated to workers' compensation claims management,
15 expenditures from the account must be used to pay for that staff, but
16 additional expenditure from the account may be used for any program
17 within an agency or institution of higher education that promotes or
18 provides incentives for employee workplace safety and health and early,
19 appropriate return-to-work for injured employees. During the ((2001-
20 2003)) 2003-2005 fiscal biennium, the legislature may transfer from the
21 industrial insurance premium refund account to the state general fund
22 such amounts as reflect the ((~~reductions made by the 2002 supplemental~~
23 ~~appropriations act for administrative efficiencies and savings~~)) excess
24 fund balance of the account.

25 **Sec. 927.** RCW 66.08.190 and 2002 c 38 s 2 are each amended to read
26 as follows:

27 (1) Except for revenues generated by the 2003 surcharge of
28 \$0.42/liter on retail sales of spirits that shall be distributed to the
29 state general fund during the 2003-2005 biennium, when excess funds are
30 distributed, all moneys subject to distribution shall be disbursed as
31 follows:

32 (a) Three-tenths of one percent to border areas under RCW
33 66.08.195; and

34 (b) From the amount remaining after distribution under (a) of this
35 subsection, (i) fifty percent to the general fund of the state, (ii)
36 ten percent to the counties of the state, and (iii) forty percent to
37 the incorporated cities and towns of the state.

1 (2) During the months of June, September, December, and March of
2 each year, prior to disbursing the distribution to incorporated cities
3 and towns under subsection (1)(b) of this section, the treasurer shall
4 deduct from that distribution an amount that will fund that quarter's
5 allotments under RCW 43.88.110 from any legislative appropriation from
6 the city and town research services account. The treasurer shall
7 deposit the amount deducted into the city and town research services
8 account.

9 (3) The governor may notify and direct the state treasurer to
10 withhold the revenues to which the counties and cities are entitled
11 under this section if the counties or cities are found to be in
12 noncompliance pursuant to RCW 36.70A.340.

13 **Sec. 928.** RCW 66.16.010 and 1939 c 172 s 10 are each amended to
14 read as follows:

15 (1) There shall be established at such places throughout the state
16 as the liquor control board, constituted under this title, shall deem
17 advisable, stores to be known as "state liquor stores," for the sale of
18 liquor in accordance with the provisions of this title and the
19 regulations: PROVIDED, That the prices of all liquor shall be fixed by
20 the board from time to time so that the net annual revenue received by
21 the board therefrom shall not exceed thirty-five percent. Effective no
22 later than September 1, 2003, the liquor control board shall add an
23 equivalent surcharge of \$0.42 per liter on all retail sales of spirits,
24 excluding licensee, military, and tribal sales. The intent of this
25 surcharge is to raise \$14,000,000 in additional general fund-state
26 revenue for the 2003-2005 biennium. To the extent that a lesser
27 surcharge is sufficient to raise \$14,000,000, the board may reduce the
28 amount of the surcharge. The board shall remove the surcharge once it
29 generates \$14,000,000, but no later than June 30, 2005.

30 (2) The liquor control board may, from time to time, fix the
31 special price at which pure ethyl alcohol may be sold to physicians and
32 dentists and institutions regularly conducted as hospitals, for use or
33 consumption only in such hospitals; and may also fix the special price
34 at which pure ethyl alcohol may be sold to schools, colleges and
35 universities within the state for use for scientific purposes.
36 Regularly conducted hospitals may have right to purchase pure ethyl
37 alcohol on a federal permit.

1 (3) The liquor control board may also fix the special price at
2 which pure ethyl alcohol may be sold to any department, branch or
3 institution of the state of Washington, federal government, or to any
4 person engaged in a manufacturing or industrial business or in
5 scientific pursuits requiring alcohol for use therein.

6 (4) The liquor control board may also fix a special price at which
7 pure ethyl alcohol may be sold to any private individual, and shall
8 make regulations governing such sale of alcohol to private individuals
9 as shall promote, as nearly as may be, the minimum purchase of such
10 alcohol by such persons.

11 **Sec. 929.** RCW 67.40.040 and 1995 c 386 s 13 are each amended to
12 read as follows:

13 (1) The proceeds from the sale of the bonds authorized in RCW
14 67.40.030, proceeds of the taxes imposed under RCW 67.40.090 and
15 67.40.130, and all other moneys received by the state convention and
16 trade center from any public or private source which are intended to
17 fund the acquisition, design, construction, expansion, exterior cleanup
18 and repair of the Eagles building, conversion of various retail and
19 other space to meeting rooms, purchase of the land and building known
20 as the McKay Parcel, development of low-income housing, or renovation
21 of the center, and those expenditures authorized under RCW 67.40.170
22 shall be deposited in the state convention and trade center account
23 hereby created in the state treasury and in such subaccounts as are
24 deemed appropriate by the directors of the corporation.

25 (2) Moneys in the account, including unanticipated revenues under
26 RCW 43.79.270, shall be used exclusively for the following purposes in
27 the following priority:

28 (a) For reimbursement of the state general fund under RCW
29 67.40.060;

30 (b) After appropriation by statute:

31 (i) For payment of expenses incurred in the issuance and sale of
32 the bonds issued under RCW 67.40.030;

33 (ii) For expenditures authorized in RCW 67.40.170;

34 (iii) For acquisition, design, and construction of the state
35 convention and trade center; and

36 (iv) For reimbursement of any expenditures from the state general
37 fund in support of the state convention and trade center; and

1 (c) For transfer to the state convention and trade center
2 operations account.

3 (3) The corporation shall identify with specificity those
4 facilities of the state convention and trade center that are to be
5 financed with proceeds of general obligation bonds, the interest on
6 which is intended to be excluded from gross income for federal income
7 tax purposes. The corporation shall not permit the extent or manner of
8 private business use of those bond-financed facilities to be
9 inconsistent with treatment of such bonds as governmental bonds under
10 applicable provisions of the Internal Revenue Code of 1986, as amended.

11 (4) In order to ensure consistent treatment of bonds authorized
12 under RCW 67.40.030 with applicable provisions of the Internal Revenue
13 Code of 1986, as amended, and notwithstanding RCW 43.84.092, investment
14 earnings on bond proceeds deposited in the state convention and trade
15 center account in the state treasury shall be retained in the account,
16 and shall be expended by the corporation for the purposes authorized
17 under chapter 386, Laws of 1995 and in a manner consistent with
18 applicable provisions of the Internal Revenue Code of 1986, as amended.

19 (5) During the 2003-2005 fiscal biennium, the legislature may
20 transfer from the state convention and trade center account to the
21 state general fund such amounts as reflect the excess fund balance of
22 the account.

23 **Sec. 930.** RCW 69.50.520 and 2002 c 371 s 920 are each amended to
24 read as follows:

25 The violence reduction and drug enforcement account is created in
26 the state treasury. All designated receipts from RCW 9.41.110(8),
27 66.24.210(4), 66.24.290(2), 69.50.505(i)(1), 82.08.150(5),
28 82.24.020(2), 82.64.020, and section 420, chapter 271, Laws of 1989
29 shall be deposited into the account. Expenditures from the account may
30 be used only for funding services and programs under chapter 271, Laws
31 of 1989 and chapter 7, Laws of 1994 sp. sess., including state
32 incarceration costs. Funds from the account may also be appropriated
33 to reimburse local governments for costs associated with implementing
34 criminal justice legislation including chapter 338, Laws of 1997.
35 During the ((2001-)) 2003-2005 biennium, funds from the account may
36 also be used for costs associated with providing grants to local
37 governments in accordance with chapter 338, Laws of 1997, ((the

1 ~~replacement of the department of corrections' offender based tracking~~
2 ~~system)) funding drug offender treatment services in accordance with~~
3 ~~RCW 70.96A.350, maintenance and operating costs of the Washington~~
4 ~~association of sheriffs and police chiefs jail reporting system, civil~~
5 ~~indigent legal representation, ((and for)) multijurisdictional~~
6 ~~narcotics task forces((. After July 1, 2003, at least seven and one~~
7 ~~half percent of expenditures from the account shall be used for~~
8 ~~providing)), and grants to community networks under chapter 70.190 RCW~~
9 ~~by the family policy council.~~

10 **Sec. 931.** RCW 70.79.350 and 1979 c 151 s 171 are each amended to
11 read as follows:

12 The chief inspector shall give an official receipt for all fees
13 required by chapter 70.79 RCW and shall transfer all sums so received
14 to the treasurer of the state of Washington as ex officio custodian
15 thereof and ~~((by him, as such custodian,))~~ the treasurer shall place
16 ~~((said))~~ all sums in a special fund hereby created and designated as
17 the "pressure systems safety fund". ~~((Said))~~ Funds ~~((by him))~~ shall be
18 paid out upon vouchers duly and regularly issued therefor and approved
19 by the director of the department of labor and industries. The
20 treasurer, as ex officio custodian of ~~((said))~~ the fund, shall keep an
21 accurate record of any payments into ~~((said))~~ the fund, and of all
22 disbursements therefrom. ~~((Said))~~ The fund shall be used exclusively
23 to defray only the expenses of administering chapter 70.79 RCW by the
24 chief inspector as authorized by law and the expenses incident to the
25 maintenance of ~~((his))~~ the office. The fund shall be charged with its
26 pro rata share of the cost of administering ~~((said))~~ the fund which is
27 to be determined by the director of financial management and by the
28 director of the department of labor and industries.

29 During the 2003-2005 fiscal biennium, the legislature may transfer
30 from the pressure systems safety fund to the state general fund such
31 amounts as reflect the excess fund balance of the fund.

32 **Sec. 932.** RCW 70.94.483 and 1991 sp.s. c 13 ss 64, 65 are each
33 amended to read as follows:

34 (1) The wood stove education and enforcement account is hereby
35 created in the state treasury. Money placed in the account shall
36 include all money received under subsection (2) of this section and any

1 other money appropriated by the legislature. Money in the account
2 shall be spent for the purposes of the wood stove education program
3 established under RCW 70.94.480 and for enforcement of the wood stove
4 program, and shall be subject to legislative appropriation. However,
5 during the 2003-05 fiscal biennium, the legislature may transfer from
6 the wood stove education and enforcement account to the air pollution
7 control account such amounts as specified in the omnibus operating
8 budget bill.

9 (2) The department of ecology, with the advice of the advisory
10 committee, shall set a flat fee of thirty dollars, on the retail sale,
11 as defined in RCW 82.04.050, of each solid fuel burning device after
12 January 1, 1992. The fee shall be imposed upon the consumer and shall
13 not be subject to the retail sales tax provisions of chapters 82.08 and
14 82.12 RCW. The fee may be adjusted annually above thirty dollars to
15 account for inflation as determined by the state office of the economic
16 and revenue forecast council. The fee shall be collected by the
17 department of revenue in conjunction with the retail sales tax under
18 chapter 82.08 RCW. If the seller fails to collect the fee herein
19 imposed or fails to remit the fee to the department of revenue in the
20 manner prescribed in chapter 82.08 RCW, the seller shall be personally
21 liable to the state for the amount of the fee. The collection
22 provisions of chapter 82.32 RCW shall apply. The department of revenue
23 shall deposit fees collected under this section in the wood stove
24 education and enforcement account.

25 **Sec. 933.** RCW 70.105D.070 and 2001 c 27 s 2 are each amended to
26 read as follows:

27 (1) The state toxics control account and the local toxics control
28 account are hereby created in the state treasury.

29 (2) The following moneys shall be deposited into the state toxics
30 control account: (a) Those revenues which are raised by the tax
31 imposed under RCW 82.21.030 and which are attributable to that portion
32 of the rate equal to thirty-three one-hundredths of one percent; (b)
33 the costs of remedial actions recovered under this chapter or chapter
34 70.105A RCW; (c) penalties collected or recovered under this chapter;
35 and (d) any other money appropriated or transferred to the account by
36 the legislature. Moneys in the account may be used only to carry out

1 the purposes of this chapter, including but not limited to the
2 following activities:

3 (i) The state's responsibility for hazardous waste planning,
4 management, regulation, enforcement, technical assistance, and public
5 education required under chapter 70.105 RCW;

6 (ii) The state's responsibility for solid waste planning,
7 management, regulation, enforcement, technical assistance, and public
8 education required under chapter 70.95 RCW;

9 (iii) The hazardous waste cleanup program required under this
10 chapter;

11 (iv) State matching funds required under the federal cleanup law;

12 (v) Financial assistance for local programs in accordance with
13 chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

14 (vi) State government programs for the safe reduction, recycling,
15 or disposal of hazardous wastes from households, small businesses, and
16 agriculture;

17 (vii) Hazardous materials emergency response training;

18 (viii) Water and environmental health protection and monitoring
19 programs;

20 (ix) Programs authorized under chapter 70.146 RCW;

21 (x) A public participation program, including regional citizen
22 advisory committees;

23 (xi) Public funding to assist potentially liable persons to pay for
24 the costs of remedial action in compliance with cleanup standards under
25 RCW 70.105D.030(2)(e) but only when the amount and terms of such
26 funding are established under a settlement agreement under RCW
27 70.105D.040(4) and when the director has found that the funding will
28 achieve both (A) a substantially more expeditious or enhanced cleanup
29 than would otherwise occur, and (B) the prevention or mitigation of
30 unfair economic hardship; and

31 (xii) Development and demonstration of alternative management
32 technologies designed to carry out the top two hazardous waste
33 management priorities of RCW 70.105.150.

34 (3) The following moneys shall be deposited into the local toxics
35 control account: Those revenues which are raised by the tax imposed
36 under RCW 82.21.030 and which are attributable to that portion of the
37 rate equal to thirty-seven one-hundredths of one percent.

1 (a) Moneys deposited in the local toxics control account shall be
2 used by the department for grants or loans to local governments for the
3 following purposes in descending order of priority: (i) Remedial
4 actions; (ii) hazardous waste plans and programs under chapter 70.105
5 RCW; (iii) solid waste plans and programs under chapters 70.95, 70.95C,
6 70.95I, and 70.105 RCW; (iv) funds for a program to assist in the
7 assessment and cleanup of sites of methamphetamine production, but not
8 to be used for the initial containment of such sites, consistent with
9 the responsibilities and intent of RCW 69.50.511; and (v) cleanup and
10 disposal of hazardous substances from abandoned or derelict vessels
11 that pose a threat to human health or the environment. For purposes of
12 this subsection (3)(a)(v), "abandoned or derelict vessels" means
13 vessels that have little or no value and either have no identified
14 owner or have an identified owner lacking financial resources to clean
15 up and dispose of the vessel. Funds for plans and programs shall be
16 allocated consistent with the priorities and matching requirements
17 established in chapters 70.105, 70.95C, 70.95I, and 70.95 RCW. During
18 the 1999-2001 fiscal biennium, moneys in the account may also be used
19 for the following activities: Conducting a study of whether dioxins
20 occur in fertilizers, soil amendments, and soils; reviewing
21 applications for registration of fertilizers; and conducting a study of
22 plant uptake of metals. During the 2003-05 fiscal biennium, the
23 legislature may transfer from the local toxics control account to the
24 state toxics control account such amounts as specified in the omnibus
25 operating budget bill for methamphetamine lab cleanup.

26 (b) Funds may also be appropriated to the department of health to
27 implement programs to reduce testing requirements under the federal
28 safe drinking water act for public water systems. The department of
29 health shall reimburse the account from fees assessed under RCW
30 70.119A.115 by June 30, 1995.

31 (4) Except for unanticipated receipts under RCW 43.79.260 through
32 43.79.282, moneys in the state and local toxics control accounts may be
33 spent only after appropriation by statute.

34 (5) One percent of the moneys deposited into the state and local
35 toxics control accounts shall be allocated only for public
36 participation grants to persons who may be adversely affected by a
37 release or threatened release of a hazardous substance and to not-for-
38 profit public interest organizations. The primary purpose of these

1 grants is to facilitate the participation by persons and organizations
2 in the investigation and remedying of releases or threatened releases
3 of hazardous substances and to implement the state's solid and
4 hazardous waste management priorities. However, during the 1999-2001
5 fiscal biennium, funding may not be granted to entities engaged in
6 lobbying activities, and applicants may not be awarded grants if their
7 cumulative grant awards under this section exceed two hundred thousand
8 dollars. No grant may exceed sixty thousand dollars. Grants may be
9 renewed annually. Moneys appropriated for public participation from
10 either account which are not expended at the close of any biennium
11 shall revert to the state toxics control account.

12 (6) No moneys deposited into either the state or local toxics
13 control account may be used for solid waste incinerator feasibility
14 studies, construction, maintenance, or operation.

15 (7) The department shall adopt rules for grant or loan issuance and
16 performance.

17 **Sec. 934.** RCW 70.146.030 and 2002 c 371 s 921 are each amended to
18 read as follows:

19 (1) The water quality account is hereby created in the state
20 treasury. Moneys in the account may be used only in a manner
21 consistent with this chapter. Moneys deposited in the account shall be
22 administered by the department of ecology and shall be subject to
23 legislative appropriation. Moneys placed in the account shall include
24 tax receipts as provided in RCW 82.24.027, 82.26.025, and 82.32.390,
25 principal and interest from the repayment of any loans granted pursuant
26 to this chapter, and any other moneys appropriated to the account by
27 the legislature.

28 (2) The department may use or permit the use of any moneys in the
29 account to make grants or loans to public bodies, including grants to
30 public bodies as cost-sharing moneys in any case where federal, local,
31 or other funds are made available on a cost-sharing basis, for water
32 pollution control facilities and activities, or for purposes of
33 assisting a public body to obtain an ownership interest in water
34 pollution control facilities and/or to defray a part of the payments
35 made by a public body to a service provider under a service agreement
36 entered into pursuant to RCW 70.150.060, within the purposes of this
37 chapter and for related administrative expenses. For the period July

1 1, (~~2001~~) 2003, to June 30, (~~2003~~) 2005, moneys in the account may
2 be used to process applications received by the department that seek to
3 make changes to or transfer existing water rights and for grants and
4 technical assistance to public bodies for watershed planning under
5 chapter 90.82 RCW. No more than three percent of the moneys deposited
6 in the account may be used by the department to pay for the
7 administration of the grant and loan program authorized by this
8 chapter.

9 (3) Beginning with the biennium ending June 30, 1997, the
10 department shall present a biennial progress report on the use of
11 moneys from the account to the chairs of the senate committee on ways
12 and means and the house of representatives committee on appropriations.
13 The first report is due June 30, 1996, and the report for each
14 succeeding biennium is due December 31 of the odd-numbered year. The
15 report shall consist of a list of each recipient, project description,
16 and amount of the grant, loan, or both.

17 **Sec. 935.** RCW 70.146.080 and 1994 sp.s. c 6 s 902 are each amended
18 to read as follows:

19 Within thirty days after June 30, 1987, and within thirty days
20 after each succeeding fiscal year thereafter, the state treasurer shall
21 determine the tax receipts deposited into the water quality account for
22 the preceding fiscal year. If the tax receipts deposited into the
23 account in each of the fiscal years 1988 and 1989 are less than forty
24 million dollars, the state treasurer shall transfer sufficient moneys
25 from general state revenues into the water quality account to bring the
26 total receipts in each fiscal year up to forty million dollars.

27 For the biennium ending June 30, 1991, if the tax receipts
28 deposited into the water quality account and the earnings on investment
29 of balances credited to the account are less than ninety million
30 dollars, the treasurer shall transfer sufficient moneys from general
31 state revenues into the water quality account to bring the total
32 revenue up to ninety million dollars. The determination and transfer
33 shall be made by July 31, 1991.

34 For fiscal year 1992 and for fiscal years 1995 and 1996 and
35 thereafter, if the tax receipts deposited into the water quality
36 account for each fiscal year are less than forty-five million dollars,
37 the treasurer shall transfer sufficient moneys from general state

1 revenues into the water quality account to bring the total revenue up
2 to forty-five million dollars. However, during the 2003-05 fiscal
3 biennium, the legislature may specify the transfer of a different
4 amount in the operating budget bill. Determinations and transfers
5 shall be made by July 31 for the preceding fiscal year.

6 **Sec. 936.** RCW 72.11.040 and 2001 2nd sp.s. c 7 s 919 are each
7 amended to read as follows:

8 The cost of supervision fund is created in the custody of the state
9 treasurer. All receipts from assessments made under RCW 9.94A.780 and
10 72.04A.120 shall be deposited into the fund. Expenditures from the
11 fund may be used only to support the collection of legal financial
12 obligations. During the ((2001-)) 2003-2005 biennium, funds from the
13 account may also be used for costs associated with the department's
14 supervision of the offenders in the community. Only the secretary of
15 the department of corrections or the secretary's designee may authorize
16 expenditures from the fund. The fund is subject to allotment
17 procedures under chapter 43.88 RCW, but no appropriation is required
18 for expenditures.

19 **Sec. 937.** RCW 76.12.050 and 1973 1st ex.s. c 50 s 1 are each
20 amended to read as follows:

21 (1) The board of county commissioners of any county and/or the
22 mayor and city council or city commission of any city or town and/or
23 the board of natural resources shall have authority to exchange, each
24 with the other, or with the federal forest service, the federal
25 government or any proper agency thereof and/or with any private
26 landowner, county land of any character, land owned by municipalities
27 of any character, and land owned by the state under the jurisdiction of
28 the department of natural resources, for real property of equal value
29 for the purpose of consolidating and blocking up the respective land
30 holdings of any county, municipality, the federal government, or the
31 state of Washington or for the purpose of obtaining lands having
32 commercial recreational leasing potential.

33 (2) During the biennium ending June 30, 2005, the department, with
34 approval of the board, may exchange any state forest land and any
35 timber thereon for any real property and proceeds of equal value.
36 Proceeds may be in the form of cash or services in order to achieve the

1 purposes established in this section. Any cash received as part of an
2 exchange transaction shall be deposited in the forest development
3 account to pay for administrative expenses incurred in carrying out an
4 exchange transaction. The amount of proceeds received from the
5 exchange partner may not exceed five percent of the total value of the
6 exchange. The receipt of proceeds shall not change the character of
7 the transaction from an exchange to a sale.

8 **Sec. 938.** RCW 76.12.170 and 1988 c 128 s 36 are each amended to
9 read as follows:

10 All receipts from the sale of stock or seed shall be deposited in
11 a state forest nursery revolving fund to be maintained by the
12 department, which is hereby authorized to use all money in said fund
13 for the maintenance of the state tree nursery or the planting of
14 denuded state owned lands.

15 During the 2003-2005 fiscal biennium, the legislature may transfer
16 from the state forest nursery revolving fund to the state general fund
17 such amounts as reflect the excess fund balance of the fund.

18 **Sec. 939.** RCW 79.08.180 and 1987 c 113 s 1 are each amended to
19 read as follows:

20 (1) The department of natural resources, with the approval of the
21 board of natural resources, may exchange any state land and any timber
22 thereon for any land of equal value in order to:

23 ~~((1))~~ (a) Facilitate the marketing of forest products of state
24 lands;

25 ~~((2))~~ (b) Consolidate and block-up state lands;

26 ~~((3))~~ (c) Acquire lands having commercial recreational leasing
27 potential;

28 ~~((4))~~ (d) Acquire county-owned lands;

29 ~~((5))~~ (e) Acquire urban property which has greater income
30 potential or which could be more efficiently managed by the department
31 in exchange for state urban lands as defined in RCW 79.01.784; or

32 ~~((6))~~ (f) Acquire any other lands when such exchange is
33 determined by the board of natural resources to be in the best interest
34 of the trust for which the state land is held.

35 ~~((7))~~ (2) Land exchanged under this section shall not be used to
36 reduce the publicly owned forest land base.

1 ~~((8))~~ (3) The board of natural resources shall determine that
2 each land exchange is in the best interest of the trust for which the
3 land is held prior to authorizing the land exchange.

4 (4) During the biennium ending June 30, 2005, the department, with
5 approval of the board, may exchange any state land and any timber
6 thereon for any land and proceeds of equal value. Proceeds may be in
7 the form of cash or services in order to achieve the purposes
8 established in this section. Any cash received as part of an exchange
9 transaction shall be deposited in the resource management cost account
10 to pay for administrative expenses incurred in carrying out an exchange
11 transaction. The amount of proceeds received from the exchange partner
12 may not exceed five percent of the total value of the exchange. The
13 receipt of proceeds shall not change the character of the transaction
14 from an exchange to a sale.

15 **Sec. 940.** RCW 80.01.080 and 2002 c 371 s 924 are each amended to
16 read as follows:

17 There is created in the state treasury a public service revolving
18 fund. Regulatory fees payable by all types of public service companies
19 shall be deposited to the credit of the public service revolving fund.
20 Except for expenses payable out of the pipeline safety account, all
21 expense of operation of the Washington utilities and transportation
22 commission shall be payable out of the public service revolving fund.

23 During the ~~((2001-2003))~~ 2003-2005 fiscal biennium, the legislature
24 may transfer from the public service revolving fund to the state
25 general fund such amounts as reflect the ~~((appropriations reductions~~
26 ~~made by the 2002 supplemental appropriations act for administrative~~
27 ~~efficiencies and savings))~~ excess fund balance of the fund.

28 **Sec. 941.** RCW 82.14.200 and 1998 c 321 s 8 are each amended to
29 read as follows:

30 There is created in the state treasury a special account to be
31 known as the "county sales and use tax equalization account." Into
32 this account shall be placed a portion of all motor vehicle excise tax
33 receipts as provided in RCW 82.44.110. Funds in this account shall be
34 allocated by the state treasurer according to the following procedure:

35 (1) Prior to April 1st of each year the director of revenue shall
36 inform the state treasurer of the total and the per capita levels of

1 revenues for the unincorporated area of each county and the statewide
2 weighted average per capita level of revenues for the unincorporated
3 areas of all counties imposing the sales and use tax authorized under
4 RCW 82.14.030(1) for the previous calendar year.

5 (2) At such times as distributions are made under RCW 82.44.150,
6 the state treasurer shall apportion to each county imposing the sales
7 and use tax under RCW 82.14.030(1) at the maximum rate and receiving
8 less than one hundred fifty thousand dollars from the tax for the
9 previous calendar year, an amount from the county sales and use tax
10 equalization account sufficient, when added to the amount of revenues
11 received the previous calendar year by the county, to equal one hundred
12 fifty thousand dollars.

13 The department of revenue shall establish a governmental price
14 index as provided in this subsection. The base year for the index
15 shall be the end of the third quarter of 1982. Prior to November 1,
16 1983, and prior to each November 1st thereafter, the department of
17 revenue shall establish another index figure for the third quarter of
18 that year. The department of revenue may use the implicit price
19 deflators for state and local government purchases of goods and
20 services calculated by the United States department of commerce to
21 establish the governmental price index. Beginning on January 1, 1984,
22 and each January 1st thereafter, the one hundred fifty thousand dollar
23 base figure in this subsection shall be adjusted in direct proportion
24 to the percentage change in the governmental price index from 1982
25 until the year before the adjustment. Distributions made under this
26 subsection for 1984 and thereafter shall use this adjusted base amount
27 figure.

28 (3) Subsequent to the distributions under subsection (2) of this
29 section and at such times as distributions are made under RCW
30 82.44.150, the state treasurer shall apportion to each county imposing
31 the sales and use tax under RCW 82.14.030(1) at the maximum rate and
32 receiving less than seventy percent of the statewide weighted average
33 per capita level of revenues for the unincorporated areas of all
34 counties as determined by the department of revenue under subsection
35 (1) of this section, an amount from the county sales and use tax
36 equalization account sufficient, when added to the per capita level of
37 revenues for the unincorporated area received the previous calendar
38 year by the county, to equal seventy percent of the statewide weighted

1 average per capita level of revenues for the unincorporated areas of
2 all counties determined under subsection (1) of this section, subject
3 to reduction under subsections (6) and (7) of this section. When
4 computing distributions under this section, any distribution under
5 subsection (2) of this section shall be considered revenues received
6 from the tax imposed under RCW 82.14.030(1) for the previous calendar
7 year.

8 (4) Subsequent to the distributions under subsection (3) of this
9 section and at such times as distributions are made under RCW
10 82.44.150, the state treasurer shall apportion to each county imposing
11 the sales and use tax under RCW 82.14.030(2) at the maximum rate and
12 receiving a distribution under subsection (2) of this section, a third
13 distribution from the county sales and use tax equalization account.
14 The distribution to each qualifying county shall be equal to the
15 distribution to the county under subsection (2) of this section,
16 subject to the reduction under subsections (6) and (7) of this section.
17 To qualify for the total distribution under this subsection, the county
18 must impose the tax under RCW 82.14.030(2) for the entire calendar
19 year. Counties imposing the tax for less than the full year shall
20 qualify for prorated allocations under this subsection proportionate to
21 the number of months of the year during which the tax is imposed.

22 (5) Subsequent to the distributions under subsection (4) of this
23 section and at such times as distributions are made under RCW
24 82.44.150, the state treasurer shall apportion to each county imposing
25 the sales and use tax under RCW 82.14.030(2) at the maximum rate and
26 receiving a distribution under subsection (3) of this section, a fourth
27 distribution from the county sales and use tax equalization account.
28 The distribution to each qualifying county shall be equal to the
29 distribution to the county under subsection (3) of this section,
30 subject to the reduction under subsections (6) and (7) of this section.
31 To qualify for the distributions under this subsection, the county must
32 impose the tax under RCW 82.14.030(2) for the entire calendar year.
33 Counties imposing the tax for less than the full year shall qualify for
34 prorated allocations under this subsection proportionate to the number
35 of months of the year during which the tax is imposed.

36 (6) Revenues distributed under subsections (2) through (5) of this
37 section in any calendar year shall not exceed an amount equal to
38 seventy percent of the statewide weighted average per capita level of

1 revenues for the unincorporated areas of all counties during the
2 previous calendar year. If distributions under subsections (3) through
3 (5) of this section cannot be made because of this limitation, then
4 distributions under subsections (3) through (5) of this section shall
5 be reduced ratably among the qualifying counties.

6 (7) If inadequate revenues exist in the county sales and use tax
7 equalization account to make the distributions under subsections (3)
8 through (5) of this section, then the distributions under subsections
9 (3) through (5) of this section shall be reduced ratably among the
10 qualifying counties. At such time during the year as additional funds
11 accrue to the county sales and use tax equalization account, additional
12 distributions shall be made under subsections (3) through (5) of this
13 section to the counties.

14 (8) If the level of revenues in the county sales and use tax
15 equalization account exceeds the amount necessary to make the
16 distributions under subsections (2) through (5) of this section, at
17 such times as distributions are made under RCW 82.44.150, the state
18 treasurer shall apportion an amount to the county public health account
19 created in RCW 70.05.125 equal to the adjustment under RCW
20 70.05.125(2)(b).

21 (9) If the level of revenues in the county sales and use tax
22 equalization account exceeds the amount necessary to make the
23 distributions under subsections (2) through (5) and (8) of this
24 section, then the additional revenues shall be credited and transferred
25 as follows:

26 (a) Fifty percent to the public facilities construction loan
27 revolving account under RCW 43.160.080; and

28 (b) Fifty percent to the distressed county public facilities
29 construction loan account under RCW 43.160.220, or so much thereof as
30 will not cause the balance in the account to exceed twenty-five million
31 dollars. Any remaining funds shall be deposited into the public
32 facilities construction loan revolving account.

33 (10) During the 2003-2005 fiscal biennium, the legislature may
34 transfer from the county sales and use tax equalization account to the
35 state general fund such amounts as reflect the excess fund balance of
36 the account.

1 **Sec. 942.** RCW 82.14.210 and 1996 c 64 s 1 are each amended to read
2 as follows:

3 There is created in the state treasury a special account to be
4 known as the "municipal sales and use tax equalization account." Into
5 this account shall be placed such revenues as are provided under RCW
6 82.44.110(1)(e). Funds in this account shall be allocated by the state
7 treasurer according to the following procedure:

8 (1) Prior to January 1st of each year the department of revenue
9 shall determine the total and the per capita levels of revenues for
10 each city and the statewide weighted average per capita level of
11 revenues for all cities imposing the sales and use tax authorized under
12 RCW 82.14.030(1) for the previous calendar year.

13 (2) At such times as distributions are made under RCW 82.44.150,
14 the state treasurer shall apportion to each city not imposing the sales
15 and use tax under RCW 82.14.030(2) an amount from the municipal sales
16 and use tax equalization account equal to the amount distributed to the
17 city under RCW 82.44.155, multiplied by forty-five fifty-fifths.

18 (3) Subsequent to the distributions under subsection (2) of this
19 section, and at such times as distributions are made under RCW
20 82.44.150, the state treasurer shall apportion to each city imposing
21 the sales and use tax under RCW 82.14.030(1) at the maximum rate and
22 receiving less than seventy percent of the statewide weighted average
23 per capita level of revenues for all cities as determined by the
24 department of revenue under subsection (1) of this section, an amount
25 from the municipal sales and use tax equalization account sufficient,
26 when added to the per capita level of revenues received the previous
27 calendar year by the city, to equal seventy percent of the statewide
28 weighted average per capita level of revenues for all cities determined
29 under subsection (1) of this section, subject to reduction under
30 subsection (6) of this section.

31 (4) Subsequent to the distributions under subsection (3) of this
32 section, and at such times as distributions are made under RCW
33 82.44.150, the state treasurer shall apportion to each city imposing
34 the sales and use tax under RCW 82.14.030(2) at the maximum rate and
35 receiving a distribution under subsection (3) of this section, a third
36 distribution from the municipal sales and use tax equalization account.
37 The distribution to each qualifying city shall be equal to the
38 distribution to the city under subsection (3) of this section, subject

1 to the reduction under subsection (6) of this section. To qualify for
2 the distributions under this subsection, the city must impose the tax
3 under RCW 82.14.030(2) for the entire calendar year. Cities imposing
4 the tax for less than the full year shall qualify for prorated
5 allocations under this subsection proportionate to the number of months
6 of the year during which the tax is imposed.

7 (5) For a city with an official incorporation date after January 1,
8 1990, municipal sales and use tax equalization distributions shall be
9 made according to the procedures in this subsection. Municipal sales
10 and use tax equalization distributions to eligible new cities shall be
11 made at the same time as distributions are made under subsections (3)
12 and (4) of this section. The department of revenue shall follow the
13 estimating procedures outlined in this subsection until the new city
14 has received a full year's worth of revenues under RCW 82.14.030(1) as
15 of the January municipal sales and use tax equalization distribution.

16 (a) Whether a newly incorporated city determined to receive funds
17 under this subsection receives its first equalization payment at the
18 January, April, July, or October municipal sales and use tax
19 equalization distribution shall depend on the date the city first
20 imposes the tax authorized under RCW 82.14.030(1).

21 (i) A newly incorporated city imposing the tax authorized under RCW
22 82.14.030(1) effective as of January 1st shall be eligible to receive
23 funds under this subsection beginning with the April municipal sales
24 and use tax equalization distribution of that year.

25 (ii) A newly incorporated city imposing the tax authorized under
26 RCW 82.14.030(1) effective as of February 1st, March 1st, or April 1st
27 shall be eligible to receive funds under this subsection beginning with
28 the July municipal sales and use tax equalization distribution of that
29 year.

30 (iii) A newly incorporated city imposing the tax authorized under
31 RCW 82.14.030(1) effective as of May 1st, June 1st, or July 1st shall
32 be eligible to receive funds under this subsection beginning with the
33 October municipal sales and use tax equalization distribution of that
34 year.

35 (iv) A newly incorporated city imposing the tax authorized under
36 RCW 82.14.030(1) effective as of August 1st, September 1st, or October
37 1st shall be eligible to receive funds under this subsection beginning

1 with the January municipal sales and use tax equalization distribution
2 of the next year.

3 (v) A newly incorporated city imposing the tax authorized under RCW
4 82.14.030(1) effective as of November 1st or December 1st shall be
5 eligible to receive funds under this subsection beginning with the
6 April municipal sales and use tax equalization distribution of the next
7 year.

8 (b) For purposes of calculating the amount of funds the new city
9 should receive under this subsection, the department of revenue shall:

10 (i) Estimate the per capita amount of revenues from the tax
11 authorized under RCW 82.14.030(1) that the new city would have received
12 had the city received revenues from the tax the entire calendar year;

13 (ii) Calculate the amount provided under subsection (3) of this
14 section based on the per capita revenues determined under (b)(i) of
15 this subsection;

16 (iii) Prorate the amount determined under (b)(ii) of this
17 subsection by the number of months the tax authorized under RCW
18 82.14.030(1) is imposed.

19 (c) A new city imposing the tax under RCW 82.14.030(2) at the
20 maximum rate and receiving a distribution calculated under (b) of this
21 subsection shall receive another distribution from the municipal sales
22 and use tax equalization account. This distribution shall be equal to
23 the calculation made under (b)(ii) of this subsection, prorated by the
24 number of months the city imposes the tax authorized under RCW
25 82.14.030(2) at the full rate.

26 (d) The department of revenue shall advise the state treasurer of
27 the amounts calculated under (b) and (c) of this subsection and the
28 state treasurer shall distribute these amounts to the new city from the
29 municipal sales and use tax equalization account subject to the
30 limitations imposed in subsection (6) of this section.

31 (e) Revenues estimated under this subsection shall not affect the
32 calculation of the statewide weighted average per capita level of
33 revenues for all cities made under subsection (1) of this section.

34 (6) If inadequate revenues exist in the municipal sales and use tax
35 equalization account to make the distributions under subsection (3),
36 (4), or (5) of this section, then the distributions under subsections
37 (3), (4), and (5) of this section shall be reduced ratably among the
38 qualifying cities. At such time during the year as additional funds

1 accrue to the municipal sales and use tax equalization account,
2 additional distributions shall be made under subsections (3), (4), and
3 (5) of this section to the cities.

4 (7) If the level of revenues in the municipal sales and use tax
5 equalization account exceeds the amount necessary to make the
6 distributions under subsections (2) through (5) of this section, then
7 the additional revenues shall be apportioned among the several cities
8 within the state ratably on the basis of population as last determined
9 by the office of financial management: PROVIDED, That no such
10 distribution shall be made to those cities receiving a distribution
11 under subsection (2) of this section.

12 (8) During the 2003-2005 fiscal biennium, the legislature may
13 transfer from the municipal sales and use tax equalization account to
14 the state general fund such amounts as reflect the excess fund balance
15 in the account.

16 **Sec. 943.** RCW 86.26.007 and 1997 c 149 s 914 are each amended to
17 read as follows:

18 The flood control assistance account is hereby established in the
19 state treasury. At the beginning of the 1997-99 fiscal biennium and
20 each biennium thereafter the state treasurer shall transfer four
21 million dollars from the general fund to the flood control assistance
22 account. Moneys in the flood control assistance account may be spent
23 only after appropriation for purposes specified under this chapter
24 (~~(or, during the 1997-99 fiscal biennium, for transfer to the disaster~~
25 ~~response account)). During the 2003-2005 fiscal biennium, the~~
26 legislature may transfer from the flood control assistance account to
27 the state general fund such amounts as reflect the excess fund balance
28 of the account.

29 NEW SECTION. **Sec. 944.** During the 2003-05 fiscal biennium, the
30 requirement is suspended that the department of social and health
31 services issue the reports required by the following statutes; however,
32 the department shall continue to maintain any required data.

33 (1) RCW 74.08A.130 (naturalization facilitation);

34 (2) RCW 74.14C.080 (intensive family preservation services);

35 (3) RCW 74.20A.340(1) (license suspension);

36 (4) RCW 71.24.460 (mentally ill offender community transition);

- 1 (5) Section 910, chapter 7, Laws of 2001 2nd sp. sess. (voluntary
2 retirement);
3 (6) RCW 80.36.475 (telephone assistance); and
4 (7) RCW 72.23.450 (state hospitals).

5 NEW SECTION. **Sec. 945.** If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.

9 NEW SECTION. **Sec. 946.** This act is necessary for the immediate
10 preservation of the public peace, health, or safety, or support of the
11 state government and its existing public institutions, and takes effect
12 immediately.

(End of part)

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Passed by the Senate June 4, 2003.
Passed by the House June 5, 2003.
Approved by the Governor June 26, 2003, with the exception of certain items that were vetoed.
Filed in Office of Secretary of State June 26, 2003.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to sections 141, lines 25-30; 148(2); 203(7); 203(10); 203(12); 204(1)(e); 204(1)(h); 205(1)(h); 209(12); 217(1); 308(14), lines 18-22; 501(2)(a)(iv); 717; and 724 of Engrossed Substitute Senate Bill 5404 entitled:

"AN ACT Relating to fiscal matters;"

Engrossed Substitute Senate Bill No. 5404 is the state operating budget for the 2003-2005 Biennium. I have vetoed several provisions as described below:

Section 141, Page 23, Lines 25-30, Motor Pool (Department of General Administration)

This proviso would have limited the purchase or lease of additional vehicles for the state motor pool unless deemed necessary for safety. The core business of the Department of General Administration (GA) Motor Pool is to provide passenger vehicles for state agencies at a price that is cheaper than other state agency in-house motor pools or private vehicle rental car businesses. As budgets shrink, GA will need to maintain a cost-effective vehicle replacement schedule in order to ensure low maintenance costs and high vehicle re-sale value.

Section 148(2), Page 27, Reimbursement for Travel (Washington Utilities and Transportation Commission)

This proviso would have allowed the Washington Utilities and Transportation Commission (WUTC) to accept reimbursement from the companies it regulates to allow WUTC employees to travel to multi-state regulatory meetings. This directive is contrary to a prohibition in the State Ethics Act, RCW 42.52.150(4)(g). Regardless, WUTC needs to develop policies for non-state reimbursement of state travel as required by the State Administrative and Accounting Manual Section 10.20.60.

Section 203(7), Page 35, Co-Occurring Pilot Project (Department of Social and Health Services - Juvenile Rehabilitation Administration)

Section 203(7) would have required that \$1,478,000 from the Federal Juvenile Accountability Incentive Block Grant be used for continuation of the Co-Occurring Disorder Pilot Project. This project provides post-release planning and treatment of juvenile offenders with co-occurring disorders. The block grant was reduced for federal fiscal years 2003 and 2004. The state only has flexibility with respect to 25 percent of the federal funds received under the Juvenile Accountability Incentive Block Grant, which is

less than the amount the proviso directs towards the post-release planning pilot program. Because the pool of eligible youth for these services will not necessarily require the full amount as appropriated, I am directing the Juvenile Rehabilitation Administration to continue the pilot, provide youth the post-release planning and treatment services needed, and utilize any remaining funds for other program requirements.

Section 203(10), Page 36, Transfer of Funds to Counties for Juvenile Services and Semi-Annual Report to Legislature (Department of Social and Health Services - Juvenile Rehabilitation Administration)

This proviso would have allowed the department to develop a funding distribution formula in consultation with juvenile court administrators and would have required a semi-annual report to the Legislature. I am directing the department to continue to coordinate with the court administrators to determine an appropriate distribution formula. However, this language creates a new reporting requirement for DSHS at a time when we are seeking ways to reduce reporting requirements in order to maximize limited staff resources; therefore, I have vetoed this subsection.

Section 203(12), Page 37, Allotment and Expenditure Reporting (Department of Social and Health Services - Juvenile Rehabilitation Administration)

Section 203(12) would have directed the Juvenile Rehabilitation Administration to allot and expend funds consistent with the category and budget unit structure submitted to the Legislative Evaluation and Accountability Program committee. This direction is consistent with current department-wide practices and is therefore not needed.

Section 204(1)(e), Page 39, New Six-Year Regional Support Network (RSN) Funding Formula (Department of Social and Health Services - Mental Health Program)

This proviso language could have been construed as restarting the implementation of the current RSN funding phase-in schedule, which has already been in place for two years. In addition, the department is required to comply with the federal Basic Budget Act that would actuarially adjust payment rates for community mental health services in its 2003-05 contracts with RSNs. My veto of this section will provide DSHS the flexibility to comply with federal requirements and continue the implementation of the new payment formula as originally scheduled.

Section 204(1)(h), Page 40, Regional Support Network Administrative (RSN) Cost Limit (Department of Social and Health Services - Mental Health Program)

This proviso would have limited state funding for RSN administrative costs to 10 percent of total funding. While one of the goals of my administration is to increase efficiencies and lower administrative costs, this approach is too broad and does not allow for differing circumstances among the regional support networks and their vendors, particularly in rural areas. Although I concur with the intent of the proviso, I have vetoed this section and direct DSHS to continue its ongoing efforts to work with the regional support networks to identify ways to deliver community mental health services in the most efficient manner.

Section 205(1)(h), Page 44, Consultation with Representative Stakeholders (Department of Social and Health Services - Developmental Disabilities Program)

This proviso would have required DSHS to identify redundant and unnecessary rules related to residential services for the

developmentally disabled in consultation with service providers and clients. Without additional resources, I am concerned about the additional workload of a structured review requirement with providers and clients. Therefore, I have vetoed this section, but direct DSHS to continue its ongoing effort to remove redundant and unnecessary rules using the processes and procedures currently in place.

Section 209(12), Page 53, Report to the Legislature on the Projected Value of Drug Manufacturers' Supplemental (Department of Social and Health Services - Medical Assistance Administration)

This proviso would have required DSHS to separately track the total amount of supplemental rebates obtained from drug manufacturers, and compile a report thereon. Medical Assistance currently uses supplemental rebates to offset total expenditures. These amounts allow for the management of the budget within fiscal year requirements. Decisions about retail pharmacy reimbursement rates should continue to be treated in a manner consistent with all other provider rates - that is, as a separate policy step occurring in the context of all other budget decisions. I have vetoed this section with the expectation that the department will track supplemental drug rebates and be prepared to respond to questions about the value of those rebates, even though a formal report will not be required.

Section 217(1), Page 61, Crime Victims Compensation Program (Department of Labor and Industries)

This proviso would have limited the Department of Labor and Industries' ability to administer the Crime Victims Compensation program. The budget includes adequate funding for the program, however, this subsection restricts the use of these funds in a way that would delay claim decisions for crime victim benefits, slow the processing of medical payments and potentially reduce or delay the collections of restitution meant to offset costs. The Department will take actions necessary to keep administrative costs at the lowest level possible.

Section 308(14), Page 90, Lines 18-22, beginning with "It is the intent . . .", SDS Lumber Company Settlement (Department of Natural Resources)

Section 308(14) provides \$2.7 million GF-S to the Department of Natural Resources (DNR) to acquire 232 acres of land and timber in Klickitat County from the SDS Lumber Company as part of a legal settlement. The proviso further requires DNR to recover through timber sales or federal grants, the \$2.7 million GF-S during the 2003-05 biennium, stating that if DNR is unsuccessful, the Legislature intends to reduce expenditures in DNR's Forest Practices Program for 2005-07 by the amount not recovered. I am vetoing the intent section of this proviso, which improperly attempts to bind the actions of a future legislature. Further, I believe this settlement is a one-time event limited to the facts of the specific case, and not an administrative precedent.

Section 501(2)(a)(iv), Page 97, Federal Appropriation Transfer for Teen Aware Program (Office of the Superintendent of Public Instruction - Statewide Programs)

This subsection would have required the transfer of \$400,000 of federal appropriation from the Department of Health (DOH) to the Office of the Superintendent of Public Instruction (OSPI) for the Teen Aware Program. Teen Aware is a program of student-produced media campaigns to promote sexual abstinence. Administration of Teen Aware has depended on a state match to the OSPI that is eliminated in the budget act. At the request of Superintendent Bergeson, I have vetoed this federal transfer, thereby reverting the appropriation back to

DOH to promote sexual abstinence. I am directing the DOH to work with OSPI to explore options to continue involving students in the production of effective abstinence messages for young adults.

Section 717, Page 163, Agency Expenditures for Travel, Equipment, and Personal Service Contracts

This section would have required that the Office of Financial Management reduce agency allotments by a dollar amount based on the previous year's travel, equipment, and personal service contract expenditures. The Legislature has already added to my proposed staffing and efficiency cuts with further reductions in individual agency budgets. This additional cut is especially difficult for small and medium agencies to absorb without directly affecting client services. Furthermore, because the reduction only applies to General Fund-State dollars, it is not evenly applied to higher education institutions and other agencies that support travel, equipment and contracts with tuition or other non-state fund sources.

Section 724, Page 171, Agency Expenditures for Legislative Liaisons

In this proviso, the Legislature would have prohibited the use of appropriated funds for legislative liaison positions in higher education institutions and other state agencies, and eliminates related General Fund-State dollars. I am concerned that this restriction will unduly limit the ability of agencies to respond to legislative inquiries. Furthermore, some legislative liaisons are responsible for constituent and client relations for their agencies.

For these reasons, I have vetoed sections 141, lines 25-30; 148(2); 203(7); 203(10); 203(12); 204(1)(e); 204(1)(h); 205(1)(h); 209(12); 217(1); 308(14), lines 18-22; 501(2)(a)(iv); 717; and 724 of Engrossed Substitute Senate Bill No. 5404.

With the exception of sections 141, lines 25-30; 148(2); 203(7); 203(10); 203(12); 204(1)(e); 204(1)(h); 205(1)(h); 209(12); 217(1); 308(14), lines 18-22; 501(2)(a)(iv); 717; and 724 as specified above, Engrossed Substitute Senate Bill No. 5404 is approved."