BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: S-3467.2/05 2nd draft

ATTY/TYPIST: LL:mos

BRIEF DESCRIPTION:

ESSB 6090 - CONF REPT
By Conference Committee

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) A budget is hereby adopted and, subject to the provisions set forth in the following sections, the several amounts specified in parts I through VIII of this act, or so much thereof as shall be sufficient to accomplish the purposes designated, are hereby appropriated and authorized to be incurred for salaries, wages, and other expenses of the agencies and offices of the state and for other specified purposes for the fiscal biennium beginning July 1, 2005, and ending June 30, 2007, except as otherwise provided, out of the several funds of the state hereinafter named.

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

(a) "Fiscal year 2006" or "FY 2006" means the fiscal year ending June 30, 2006.

(b) "Fiscal year 2007" or "FY 2007" means the fiscal year ending June 30, 2007.

(c) "FTE" means full time equivalent.

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

(e) "Provided solely" means the specified amount may be spent only for the specified purpose.

Unless otherwise specifically authorized in this act, any portion of an amount provided solely for a specified purpose which is unnecessary to fulfill the specified purpose shall lapse.

PART I
GENERAL GOVERNMENT

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

General Fund--State Appropriation (FY 2006) $30,411,000
General Fund--State Appropriation (FY 2007) $30,900,000
TOTAL APPROPRIATION $61,311,000

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

(1) $150,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the committee on fiscal stability.

(a) The committee on fiscal stability is created, consisting of six members as follows: Three members shall be appointed by the leader of each of the two largest caucuses of the house of representatives. The governor shall appoint an additional person to serve as the chair of the committee. The chair may vote on procedural questions, but may not vote on substantive questions concerning the research or recommendations of the committee.

(b) The committee shall develop recommendations for specific statutory and constitutional provisions to establish or revise the following: (i) Spending limitations; (ii) tax limits; (iii) emergency reserve accounts; and (iv) tax reforms necessary to create a sustainable system of state and local finance, improve the fairness of state and local taxation, and improve the competitiveness of the state's economy.

(c) The committee shall conduct a series of public hearings on these topics and its proposed recommendations. The hearings shall be held in locations across the state and shall be structured to encourage full participation by persons who represent a balance of perspectives and constituencies. The committee shall submit its findings and recommendations in a report to the fiscal committees of the legislature by January 1, 2006.

(d) The committee shall use legislative facilities and staff from the office of program research. The department of revenue shall provide necessary support and information to the committee. The chair of the committee shall be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060. All expenses of the committee, including travel, shall be paid by the house of representatives.

(2) $25,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the children's and family services

task force established in Engrossed Substitute Senate Bill No. 5872 (family/children's department). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

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

General Fund--State Appropriation (FY 2006) $23,253,000
General Fund--State Appropriation (FY 2007) $25,368,000
TOTAL APPROPRIATION $48,621,000

The appropriations in this section are subject to the following conditions and limitations: $25,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the children's and family services task force established in Engrossed Substitute Senate Bill No. 5872 (family/children's department). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

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

General Fund--State Appropriation (FY 2006) $2,531,000
General Fund--State Appropriation (FY 2007) $1,953,000
TOTAL APPROPRIATION $4,484,000

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

(1) Notwithstanding the provisions in this section, the committee may adjust the due dates for projects included on the committee's 2005-07 work plan as necessary to efficiently manage workload.

(2)(a) $100,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for a study of the basic health plan. Part 1 of the study shall examine the extent to which basic health plan policies and procedures promote or discourage the provision of appropriate, high-quality, cost-effective care to basic health plan enrollees. Issues to be addressed include, but are not limited to, whether (i) enrollees are encouraged to engage in wellness activities and receive preventative services; (ii) evidence-based treatment strategies are identified and promoted; (iii) enrollees are encouraged to use high-quality providers; (iv) enrollees with chronic or other high-cost conditions are identified and provided with appropriate

interventions; and (v) innovative health care service delivery methods are encouraged. Part 1 of the study report shall be completed by December 2005.

(b) Part 2 of the study shall examine the characteristics of individuals enrolled in the basic health plan, and their use of health care services, including, but not limited to, (i) enrollee longevity on the basic health plan; (ii) circumstances that led to basic health plan enrollment; (iii) how enrollees obtained health care prior to basic health plan enrollment; (iv) health care coverage of other household members; (v) service utilization patterns; and (vi) employment status and by whom basic health plan enrollees are employed. Part 2 of the study must be completed by July, 2006.

(3) $188,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the cost of evaluating the effectiveness of the job development fund grant program required by House Bill No. 1903 (creating a job development fund). If House Bill No. 1903 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(4) $100,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for an evaluation of the budget process used for information technology projects. The evaluation will include: Itemizing total costs for current information technology funding across state agencies; analyzing current processes by which information funding is requested and evaluated; analyzing processes used in the private sector and other states; and assessing the applicability of other practices for improving the state's funding process. A report is due in January 2006.

(5) $125,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for a study of the current state pupil transportation funding formula. The study will evaluate the extent to which the formula captures the costs of providing pupil transportation for basic education programs. Based on the results of this evaluation, the study shall develop alternative formulas for allocating state funding to school districts for the transportation of students for basic education programs. The alternative formulas shall take into account the legislative definition of basic education programs, promote the efficient use of state and local resources, and allow local

district control over the management of pupil transportation systems. In addition, the study shall include a review of the funding mechanisms used by other states and identify best practices.

(6) Within amounts provided in this section, the committee shall conduct a review of the special education excess cost accounting methodology and expenditure reporting requirements. The committee shall work with the state auditor's office and develop a mutually acceptable work plan in conducting this review. This review may include, but is not limited to: (a) An analysis of the current special education excess cost accounting methodology and related special education expenditure reporting requirements; (b) an examination of whether opportunities exist for modifying the current excess cost accounting methodology and expenditure reporting requirements; (c) an assessment of the potential impact on school districts if the current excess cost accounting methodology and expenditure reporting requirements are modified; and (d) any findings and recommendations from the state auditor's office examination of whether school districts are appropriately and consistently applying the current excess cost methodology. The committee shall provide a report to the appropriate policy and fiscal committees of the legislature in January 2006.

(7) $100,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the consultant costs related to the study identified in section 505 of Engrossed Second Substitute Senate Bill No. 5763 (mental disorders treatment). If this section is not enacted by June 30, 2005, these amounts shall lapse.

(8) $86,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to implement the provisions of Engrossed Substitute House Bill No. 1064 (government performance). If Engrossed Substitute House Bill No. 1064 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

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

General Fund--State Appropriation (FY 2006) $1,737,000
General Fund--State Appropriation (FY 2007) $1,921,000
TOTAL APPROPRIATION $3,658,000

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

Department of Retirement Systems Expense Account--

State Appropriation $3,013,000

The appropriation in this section is subject to the following conditions and limitations: By December 1, 2005, the state actuary shall conduct an actuarial analysis that quantifies, to the greatest extent permissible from available experience data, the fiscal impact of the retire-rehire program for plan 1 of the public employees' retirement system and the teachers' retirement system enacted by chapter 10, Laws of 2001 and chapter 412, Laws of 2003. In addition to the actuarial analysis, the state actuary shall present a range of legislative alternatives to the plan 1 retire-rehire program, including an actuarial analysis of the fiscal impact of proposals to increase the maximum retirement allowance beyond sixty percent of average final compensation. The analysis shall be submitted to the select committee on pension policy, the senate committee on ways and means, and the house of representatives committee on appropriations.

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

General Fund--State Appropriation (FY 2006) $7,288,000

General Fund--State Appropriation (FY 2007) $7,248,000

TOTAL APPROPRIATION $14,536,000

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

General Fund--State Appropriation (FY 2006) $4,112,000

General Fund--State Appropriation (FY 2007) $4,398,000

TOTAL APPROPRIATION $8,510,000

NEW SECTION. **Sec. 108. LEGISLATIVE AGENCIES.** In order to achieve operating efficiencies within the financial resources available to the legislative branch, the executive rules committee of the house of representatives and the facilities and operations committee of the senate by joint action may transfer funds among the house of representatives, senate, joint legislative audit and review committee, legislative evaluation and accountability program committee, legislative transportation committee, office of the state actuary, joint legislative systems committee, and statute law committee.

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

General Fund--State Appropriation (FY 2006) $6,085,000
General Fund--State Appropriation (FY 2007) $6,346,000
TOTAL APPROPRIATION $12,431,000

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

General Fund--State Appropriation (FY 2006) $2,011,000
General Fund--State Appropriation (FY 2007) $2,020,000
TOTAL APPROPRIATION $4,031,000

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

General Fund--State Appropriation (FY 2006) $13,866,000
General Fund--State Appropriation (FY 2007) $14,358,000
TOTAL APPROPRIATION $28,224,000

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

General Fund--State Appropriation (FY 2006) $1,055,000
General Fund--State Appropriation (FY 2007) $1,107,000
TOTAL APPROPRIATION $2,162,000

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

General Fund--State Appropriation (FY 2006) $19,657,000
General Fund--State Appropriation (FY 2007) $20,081,000
Public Safety and Education Account--State
Appropriation $50,106,000
Judicial Information Systems Account--State
Appropriation $25,641,000
TOTAL APPROPRIATION $115,485,000

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

(1) $900,000 of the general fund--state appropriation for fiscal year 2006 and $900,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for court-appointed special advocates in dependency matters. The administrator for the courts, after consulting with the association of juvenile court administrators and the association of court-appointed special advocate/guardian ad litem programs, shall distribute the funds to volunteer court-appointed special advocate/guardian ad litem programs. The distribution of

funding shall be based on the number of children who need volunteer court-appointed special advocate representation and shall be equally accessible to all volunteer court-appointed special advocate/guardian ad litem programs. The administrator for the courts shall not retain more than six percent of total funding to cover administrative or any other agency costs.

(2) $3,000,000 of the public safety and education account appropriation is provided solely for school district petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The office of the administrator for the courts shall develop an interagency agreement with the office of the superintendent of public instruction to allocate the funding provided in this subsection. Allocation of this money to school districts shall be based on the number of petitions filed.

(3) $13,224,000 of the public safety and education account appropriation is provided solely for distribution to county juvenile court administrators to fund the costs of processing truancy, children in need of services, and at-risk youth petitions. The office of the administrator for the courts shall not retain any portion of these funds to cover administrative costs. The office of the administrator for the courts, in conjunction with the juvenile court administrators, shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs.

(4) The distributions made under subsection (3) of this section and distributions from the county criminal justice assistance account made pursuant to section 801 of this act constitute appropriate reimbursement for costs for any new programs or increased level of service for purposes of RCW 43.135.060.

(5) Each fiscal year during the 2005-07 fiscal biennium, each county shall report the number of petitions processed and the total actual costs of processing truancy, children in need of services, and at-risk youth petitions. Counties shall submit the reports to the administrator for the courts no later than 45 days after the end of the fiscal year. The administrator for the courts shall electronically transmit this information to the chairs and ranking minority members of the house of representatives appropriations committee and the senate

ways and means committee no later than 60 days after a fiscal year ends. These reports are deemed informational in nature and are not for the purpose of distributing funds.

(6) $82,000 of the general fund--state appropriation for fiscal year 2006 and $82,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of House Bill No. 1112 (creating an additional superior court position). If the bill is not enacted by June 30, 2005, the amounts in this subsection shall lapse.

(7) $75,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the implementation of Substitute House Bill No. 1854 (driving privilege) and Engrossed Second Substitute Senate Bill No. 5454 (court operations). If neither bill is enacted by June 30, 2005, the amount in this subsection shall lapse.

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

General Fund--State Appropriation (FY 2006) $1,490,000
General Fund--State Appropriation (FY 2007) $2,078,000
Public Safety and Education Account--State
Appropriation $13,175,000
TOTAL APPROPRIATION $16,743,000

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

(1) $800,000 of the general fund--state appropriation for fiscal year 2006 and $1,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to expand the parent representation project in dependency and termination cases.

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

(3) Within amounts appropriated in this section and in Engrossed Second Substitute Senate Bill No. 5454, the office may, at its discretion, implement Second Substitute House Bill No. 1542 (indigent defense services).

NEW SECTION. **Sec. 115. FOR THE OFFICE OF CIVIL LEGAL AID**

General Fund--State Appropriation (FY 2006) $2,883,000
General Fund--State Appropriation (FY 2007) $2,832,000

Public Safety and Education Account--State
Appropriation $4,705,000
Violence Reduction and Drug Enforcement Account--
State Appropriation $2,987,000
TOTAL APPROPRIATION $13,407,000

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

(1) $2,783,000 of the general fund--state appropriation for fiscal year 2006, $2,732,000 of the general fund--state appropriation for fiscal year 2007, $4,705,000 of the public safety and education account--state appropriation, and $2,987,000 of the violence reduction and drug enforcement account--state appropriation are contingent upon enactment of Substitute House Bill No. 1747 (civil legal services). If the bill is not enacted by June 30, 2005, these appropriations shall be made to the department of community, trade, and economic development and are provided solely for the purpose of civil legal services.

(2) $100,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are contingent upon enactment of Substitute House Bill No. 1747 (civil legal services). If the bill is not enacted by June 30, 2005, the appropriation shall be made to the department of community, trade, and economic development and is provided solely for a general farm organization with members in every county of the state to develop and administer an alternative dispute resolution system for disputes between farmers and farm workers.

NEW SECTION. **Sec. 116. FOR THE OFFICE OF THE GOVERNOR**
General Fund--State Appropriation (FY 2006) $5,600,000
General Fund--State Appropriation (FY 2007) $5,279,000
General Fund--Federal Appropriation $1,364,000
Oil Spill Prevention Account Appropriation $508,000
Water Quality Account--State Appropriation $4,184,000
TOTAL APPROPRIATION $16,935,000

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

(1) $4,112,000 of the water quality account appropriation and $1,150,000 of the general fund--federal appropriation are provided

solely for the Puget Sound water quality action team to implement the Puget Sound conservation and recovery plan action items PSAT-01 through PSAT-06.

(2) $200,000 of the general fund--state appropriation for fiscal year 2006, $200,000 of the general fund--state appropriation for fiscal year 2007, and $200,000 of the general fund--federal appropriation are provided solely for one-time corrective actions to address Hood canal's dissolved oxygen problems, the Puget Sound conservation and recovery plan action item PSAT-07.

(3) As described in section 129(7) of this act, the Puget Sound water quality action team shall make recommendations and report on monitoring activities related to salmon recovery.

(4) $250,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of House Bill No. 1152 (early learning council). If House Bill No. 1152 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(5) For the governor's funding request pursuant to RCW 74.39A.300 to be submitted to the legislature by December 20, 2006, it is the intent of the legislature to consider a fringe benefits funding request that provides health care benefits substantially equivalent in cost to those available to individual providers pursuant to chapter 25, Laws of 2003 1st sp. sess.

(6) $100,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement Engrossed Substitute House Bill No. 2097 (management program for Hood Canal). If Engrossed Substitute House Bill No. 2097 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(7) $100,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a review of ocean policy issues in cooperation with individuals with appropriate expertise and the departments of ecology, fish and wildlife, and natural resources. By December 31, 2005, the governor's office shall identify the recommendations of the U.S. commission on ocean policy appropriate for immediate implementation. By December 31, 2006, the governor's office

shall provide a report: (a) Summarizing the condition of the state's ocean resources and their contribution to the state's character, quality of life, and economic viability; (b) recommending improvements in coordination among state agencies and other jurisdictions; (c) recommending measures to protect and manage ocean resources; (d) recommending measures to finance ocean protection, management, and development programs; and (e) recommending legislation regarding ocean resources or policy.

(8) $508,000 of the oil spill prevention account appropriation is provided solely for the oil spill advisory council established in Engrossed Substitute Senate Bill No. 5432 (oil spill oversight council). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

NEW SECTION. **Sec. 117. FOR THE LIEUTENANT GOVERNOR**

General Fund--State Appropriation (FY 2006) $752,000
General Fund--State Appropriation (FY 2007) $766,000
General Fund--Local Appropriation $1,000
TOTAL APPROPRIATION $1,519,000

NEW SECTION. **Sec. 118. FOR THE PUBLIC DISCLOSURE COMMISSION**

General Fund--State Appropriation (FY 2006) $1,989,000
General Fund--State Appropriation (FY 2007) $2,009,000
TOTAL APPROPRIATION $3,998,000

NEW SECTION. **Sec. 119. FOR THE SECRETARY OF STATE**

General Fund--State Appropriation (FY 2006) $19,102,000
General Fund--State Appropriation (FY 2007) $17,323,000
General Fund--Federal Appropriation $7,092,000
General Fund--Private/Local Appropriation $125,000
Archives and Records Management Account--State
Appropriation $8,127,000
Department of Personnel Services Account--State
Appropriation $719,000
Local Government Archives Account--State
Appropriation $12,138,000
Election Account--Federal Appropriation $47,009,000
TOTAL APPROPRIATION $111,635,000

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

(1) $2,296,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

(2) $1,999,000 of the general fund--state appropriation for fiscal year 2006 and $2,403,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the verification of initiative and referendum petitions, maintenance of related voter registration records, and the publication and distribution of the voters and candidates pamphlet.

(3) $125,000 of the general fund--state appropriation for fiscal year 2006 and $118,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for legal advertising of state measures under RCW 29.27.072.

(4)(a) $2,028,004 of the general fund--state appropriation for fiscal year 2006 and $2,063,772 of the general fund--state appropriation for fiscal year 2007 are provided solely for contracting with a nonprofit organization to produce gavel-to-gavel television coverage of state government deliberations and other events of statewide significance during the 2005-07 biennium. The funding level for each year of the contract shall be based on the amount provided in this subsection. The nonprofit organization shall be required to raise contributions or commitments to make contributions, in cash or in kind, in an amount equal to forty percent of the state contribution. The office of the secretary of state may make full or partial payment once all criteria in (a) and (b) of this subsection have been satisfactorily documented.

(b) The legislature finds that the commitment of on-going funding is necessary to ensure continuous, autonomous, and independent coverage of public affairs. For that purpose, the secretary of state shall enter into a contract with the nonprofit organization to provide public affairs coverage.

(c) The nonprofit organization shall prepare an annual independent

audit, an annual financial statement, and an annual report, including benchmarks that measure the success of the nonprofit organization in meeting the intent of the program.

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

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

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

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

(5) $196,000 of the general fund--state appropriation for fiscal year 2006 and $173,000 of the general fund--state appropriation for fiscal year 2007 are provided for the implementation of House Bill No. 1749 (county election procedures). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

NEW SECTION. **Sec. 120. FOR THE GOVERNOR'S OFFICE OF INDIAN AFFAIRS**

General Fund--State Appropriation (FY 2006) $277,000
General Fund--State Appropriation (FY 2007) $289,000
TOTAL APPROPRIATION $566,000

The appropriations in this section are subject to the following conditions and limitations: The office shall assist the department of personnel on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department of personnel shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

NEW SECTION. **Sec. 121. FOR THE COMMISSION ON ASIAN-PACIFIC-**

AMERICAN AFFAIRS

General Fund--State Appropriation (FY 2006) $235,000
General Fund--State Appropriation (FY 2007) $238,000
TOTAL APPROPRIATION $473,000

NEW SECTION. **Sec. 122. FOR THE STATE TREASURER**

State Treasurer's Service Account--State
Appropriation $14,124,000

NEW SECTION. **Sec. 123. FOR THE STATE AUDITOR**

General Fund--State Appropriation (FY 2006) $1,884,000
General Fund--State Appropriation (FY 2007) $2,441,000
State Auditing Services Revolving Account--State
Appropriation $13,952,000
TOTAL APPROPRIATION $18,277,000

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) $731,000 of the general fund--state appropriation for fiscal year 2006 and $727,000 of the general fund--state appropriation for fiscal year 2007 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.

(3) The office shall report to the office of financial management and the appropriate fiscal committees of the legislature detailed information on risk-based auditing, its theory, and its application for the audits performed on Washington state government. The report shall include an explanation of how the office identifies, measures, and prioritizes risk, the manner in which the office uses these factors in

the planning and execution of the audits of Washington state government, and the methods and procedures used in the conduct of the risk-based audits themselves. The report is due no later than December 1, 2005.

(4) $1,130,000 of the general fund--state appropriation for fiscal year 2006, $1,695,000 of the general fund--state appropriation for fiscal year 2007, and $2,000 of the state auditing services revolving account--state appropriation for fiscal year 2006 are provided solely for the implementation of Engrossed Substitute House Bill No. 1064 (government performance). If Engrossed Substitute House Bill No. 1064 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(5) $16,000 of the general fund--state appropriation for fiscal year 2006 is provided for a review of special education excess cost accounting and reporting requirements. The state auditor's office shall coordinate this work with the joint legislative audit and review committee's review of the special education excess cost accounting methodology and expenditure reporting requirements. The state auditor's review shall include an examination of whether school districts are (a) appropriately implementing the excess cost accounting methodology; (b) consistently charging special education expenses to the special education and basic education programs; (c) appropriately determining the percentage of expenditures that should be charged to the special education and basic education programs; and (d) appropriately and consistently reporting special education expenditures. The results of this review will be included in the joint legislative audit and review committee's report issued in January 2006.

NEW SECTION. **Sec. 124. FOR THE CITIZENS' COMMISSION ON SALARIES FOR ELECTED OFFICIALS**

General Fund--State Appropriation (FY 2006) $137,000
General Fund--State Appropriation (FY 2007) $206,000
TOTAL APPROPRIATION $343,000

NEW SECTION. **Sec. 125. FOR THE ATTORNEY GENERAL**

General Fund--State Appropriation (FY 2006) $5,223,000
General Fund--State Appropriation (FY 2007) $5,156,000
General Fund--Federal Appropriation $2,973,000

Public Safety and Education Account--State
Appropriation $2,303,000
New Motor Vehicle Arbitration Account--State
Appropriation $1,313,000
Legal Services Revolving Account--State Appropriation . . $185,970,000
Tobacco Prevention and Control Account--State
Appropriation $270,000
TOTAL APPROPRIATION $203,208,000

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

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

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

NEW SECTION. **Sec. 126. FOR THE CASELOAD FORECAST COUNCIL**
General Fund--State Appropriation (FY 2006) $719,000
General Fund--State Appropriation (FY 2007) $714,000
TOTAL APPROPRIATION $1,433,000

NEW SECTION. **Sec. 127. FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT**
General Fund--State Appropriation (FY 2006) $66,123,000
General Fund--State Appropriation (FY 2007) $67,151,000
General Fund--Federal Appropriation $246,886,000
General Fund--Private/Local Appropriation $12,229,000
Public Safety and Education Account--State
Appropriation $5,439,000
Public Works Assistance Account--State Appropriation . . . $3,395,000
Tourism Development and Promotion Account
Appropriation $300,000

Drinking Water Assistance Administrative Account--
State Appropriation $213,000
Lead Paint Account--State Appropriation $6,000
Building Code Council Account--State Appropriation $1,130,000
Administrative Contingency Account--State
Appropriation $1,808,000
Low-Income Weatherization Assistance Account--State
Appropriation $8,362,000
Violence Reduction and Drug Enforcement Account--State
Appropriation $7,231,000
Manufactured Home Installation Training Account--State
Appropriation $240,000
Community and Economic Development Fee Account--State
Appropriation $1,570,000
Washington Housing Trust Account--State
Appropriation $19,009,000
Homeless Families Services Account--State
Appropriation $300,000
Public Facility Construction Loan Revolving
Account--State Appropriation $614,000
TOTAL APPROPRIATION $442,006,000

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

(1) $2,838,000 of the general fund--state appropriation for fiscal year 2006 and $2,838,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a contract with the Washington technology center for work essential to the mission of the Washington technology center and conducted in partnership with universities. The center shall not pay any increased indirect rate nor increases in other indirect charges above the absolute amount paid during the 1995-97 fiscal biennium.

(2) $5,902,000 of the general fund--federal appropriation is provided solely for the justice assistance grant program, to be distributed in state fiscal year 2006 as follows:

(a) $2,064,000 to local units of government to continue multijurisdictional narcotics task forces;

(b) $330,000 to the department to continue the drug prosecution

assistance program in support of multijurisdictional narcotics task forces;

(c) $675,000 to the Washington state patrol for coordination, investigative, and supervisory support to the multijurisdictional narcotics task forces and for methamphetamine education and response;

(d) $20,000 to the department for tribal law enforcement;

(e) $345,000 to the department to continue domestic violence legal advocacy;

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

(g) $351,000 to the department of social and health services, division of alcohol and substance abuse, for juvenile drug courts in eastern and western Washington;

(h) $626,000 to the department of social and health services to continue youth violence prevention and intervention projects;

(i) $97,000 to the department to continue evaluation of this grant program;

(j) $290,000 to the office of financial management for criminal history records improvement;

(k) $580,000 to the department for required grant administration, monitoring, and reporting on justice assistance grant programs; and

(l) $464,000 to the department for distribution to small municipalities.

These amounts represent the maximum justice assistance grant expenditure authority for each program. No program may expend justice assistance grant funds in excess of the amounts provided in this subsection. If moneys in excess of those appropriated in this subsection become available, whether from prior or current fiscal year distributions, the department shall hold these moneys in reserve and may not expend them without specific appropriation. These moneys shall be carried forward and applied to the pool of moneys available for appropriation for programs and projects in the succeeding fiscal year. As part of its budget request for the succeeding year, the department shall estimate and request authority to spend any justice assistance grant funds.

(3) $170,000 of the general fund--state appropriation for fiscal

year 2006 and $170,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to fund domestic violence legal advocacy, in recognition of reduced federal grant funding.

(4) $28,848,000 of the general fund--state appropriation for fiscal year 2006 and $29,941,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for providing early childhood education assistance. Of these amounts, $1,497,000 in each fiscal year is provided solely to increase the number of children receiving education, and $1,052,000 in fiscal year 2006 and $2,146,000 in fiscal year 2007 are provided solely for a targeted vendor rate increase.

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

(6) $1,288,000 of the Washington housing trust account--state appropriation is provided solely to implement Engrossed House Bill No. 1074. If the bill is not enacted by June 30, 2005, the amounts in this subsection shall lapse.

(7) $725,000 of the general fund--state appropriation for fiscal year 2006 and $725,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for food banks to obtain and distribute additional nutritious food; and purchase equipment to transport and store perishable products.

(8) $500,000 of the general fund--state appropriation for fiscal year 2006 and $500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the community services block grant program to help meet current service demands that exceed available community action resources.

(9) $215,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for matching funds for a federal economic development administration grant awarded to the city of Kent to conduct a feasibility study and economic analysis for the establishment of a center for advanced manufacturing.

(10) $20,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the department to compile a report on housing stock in Washington state to identify areas of potentially high risk for child lead exposure. This report shall include an analysis of existing data regarding the ages of housing stock in specific regions and an analysis of data regarding actual lead poisoning cases, which shall be provided by the department of health's childhood lead poisoning surveillance program.

(11) $150,000 of general fund--state appropriation for fiscal year 2006 is provided solely for the Cascade land conservancy to develop and implement a plan for regional conservation within King, Kittitas, Pierce, and Snohomish counties.

(12) $50,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the support, including safety and security costs, of the America's freedom salute to be held in the Vancouver, Washington area.

(13) $250,000 of the general fund--state appropriation for fiscal year 2006 and $250,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to Snohomish county for a law enforcement and treatment methamphetamine pilot program. $250,000 of the general fund--state appropriation for fiscal year 2006 and $250,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to the Pierce county alliance's methamphetamine family services treatment program and safe streets of Tacoma's methamphetamine prevention service.

(14) $50,000 of the general fund--state appropriation is provided solely for one pilot project to promote the study and implementation of safe neighborhoods through community planning.

(15) $287,000 of the general fund--state appropriation for fiscal year 2006 and $288,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for Walla Walla community college to establish the water and environmental studies center to provide workforce education and training, encourage innovative approaches and

practices that address environmental and cultural issues, and facilitate the Walla Walla watershed alliance role in promoting communication leading to cooperative conservation efforts that effectively address urban and rural water and environmental issues.

(16) $50,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for work with the northwest food processors association on the food processing cluster development project.

(17) $200,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the northwest agriculture incubator project, which will support small farms in economic development.

(18) $75,000 of the general fund--state appropriation for fiscal year 2006 and $75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to the department of community, trade, and economic development as the final appropriation for the youth assessment center in Pierce county for activities dedicated to reducing the rate of incarceration of juvenile offenders.

(19) $235,000 of the general fund--state appropriation for fiscal year 2006 and $235,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the small business incubator program. $250,000 must be distributed as grants and must be matched by an equal amount of private funds.

(20) The department shall coordinate any efforts geared towards the 2010 Olympics with the regional effort being conducted by the Pacific northwest economic region, a statutory committee.

(21) $75,000 of the general fund--state appropriation for fiscal year 2006 and $75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for HistoryLink to expand its free, noncommercial online encyclopedia service on state and local history.

(22) $25,000 of the general fund--state appropriation for fiscal year 2006 and $25,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for Women's Hearth, a nonprofit program serving the Spokane area's homeless and low-income women.

NEW SECTION. **Sec. 128. FOR THE ECONOMIC AND REVENUE FORECAST COUNCIL**

General Fund--State Appropriation (FY 2006) $573,000
General Fund--State Appropriation (FY 2007) $517,000
TOTAL APPROPRIATION $1,090,000

NEW SECTION. **Sec. 129. FOR THE OFFICE OF FINANCIAL MANAGEMENT**

General Fund--State Appropriation (FY 2006) $16,993,000
General Fund--State Appropriation (FY 2007) $16,050,000
General Fund--Federal Appropriation $23,550,000
Public Works Assistance Account--State Appropriation $200,000
Violence Reduction and Drug Enforcement Account--State Appropriation $246,000
State Auditing Services Revolving Account--State Appropriation $25,000
TOTAL APPROPRIATION $57,064,000

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

(1) $200,000 of the public works assistance account appropriation is provided solely for an inventory and evaluation of the most effective way to organize the state public infrastructure programs and funds. The inventory and evaluation shall be delivered to the governor and the appropriate committees of the legislature by September 1, 2005.

(2)(a) $182,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for an advisory council to study residential services for persons with developmental disabilities. The study shall identify a preferred system of services and a plan to implement the system within four years. Recommendations shall be provided on the services that best address client needs in different regions of the state and on the preferred system by January 1, 2006. The office of financial management may contract for specialized services to complete the study.

(b) The advisory council shall consist of thirteen members. Members appointed by the governor, include one representative from each of the governor's office or the office of financial management, the department of social and health services, the Washington state disabilities council, two labor organizations, the community residential care providers, residents of residential habilitation

centers, individuals served by community residential programs, and individuals with developmental disabilities who reside or resided in residential habilitation centers. The advisory council shall also include two members of the house of representatives appointed by the speaker of the house of representatives representing the majority and minority caucuses and two members of the senate appointed by the president of the senate representing the majority and minority caucuses. Legislative members of the advisory group shall be reimbursed in accordance with RCW 44.04.120, and nonlegislative members in accordance with RCW 43.03.050 and 44.04.120. Staff support shall be provided by the department of social and health services, the developmental disabilities council, the office of financial management, the house of representatives office of program research, and senate committee services.

(3) $1,041,000 of the general fund--state appropriation for fiscal year 2006 and $706,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5441 (studying early learning, K-12, and higher education). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(4) $200,000 of the general fund--state appropriation for fiscal year 2006 is provided to the office of regulatory assistance and is subject to the following conditions and limitations:

(a) This amount is provided solely for the enhanced planning and permit pilot program; and

(b) Regulatory assistance is to select two local government planning and permitting offices to participate in an enhanced permit assistance pilot program. Such enhancement may include, but is not limited to:

(i) Creation of local and state interagency planning and permit review teams;

(ii) Use of advanced online planning and permit applications;

(iii) Using loaned executives; and

(iv) Additional technical assistance and guidance for permit applicants.

(5) $303,000 of the general fund--state appropriation for fiscal year 2006 and $255,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Second

Substitute House Bill No. 1970 (government management). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(6) $200,000 of the general fund--state appropriation for fiscal year 2006 and $200,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Substitute Engrossed House Bill No. 1242 (budgeting outcomes and priorities). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(7) The department of ecology, the department of fish and wildlife, the department of natural resources, the conservation commission, and the interagency committee for outdoor recreation shall make recommendations to improve or eliminate monitoring activities related to salmon recovery and watershed health. The agencies shall coordinate with the governor's forum on monitoring and watershed health and consult with the office of financial management in determining the scope and contents of the report.

The agencies shall prepare a report detailing all new activity and updating all previously identified activity within the comprehensive monitoring strategy. The report shall identify the monitoring activity being performed and include: The purpose of the monitoring activity, when the activity started, who uses the information, how often it is accessed, what costs are incurred by fund, what frequency is used to collect data, what geographic location is used to collect data, where the information is stored, and what is the current status and cost by fund source of the data storage systems.

The agencies shall provide a status report summarizing progress to the governor's forum on monitoring and watershed health and the office of financial management by March 1, 2006. A final report to the governor's monitoring forum, the office of financial management, and the appropriate legislative fiscal committees shall be submitted no later than September 1, 2006.

NEW SECTION. **Sec. 130. FOR THE OFFICE OF ADMINISTRATIVE HEARINGS**

Administrative Hearings Revolving Account--State

Appropriation $29,490,000

The appropriation in this section is subject to the following conditions and limitations: $103,000 of the administrative hearing

revolving account--state appropriation is provided solely to determine, in collaboration with other state agencies, the best mechanism of digital recording for the office of administrative hearings, the manner of conversion from tape recording to digital recording, and the purchase of digital recording devices.

NEW SECTION. **Sec. 131. FOR THE DEPARTMENT OF PERSONNEL**

Department of Personnel Service Account--State
Appropriation $20,323,000
Higher Education Personnel Services Account--State
Appropriation $1,634,000
TOTAL APPROPRIATION $21,957,000

The appropriations in this section are subject to the following conditions and limitations: The department shall coordinate with the governor's office of Indian affairs on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

NEW SECTION. **Sec. 132. FOR THE WASHINGTON STATE LOTTERY**

Lottery Administrative Account--State Appropriation . . . $24,087,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section may not be expended by the Washington state lottery for any purpose associated with a lottery game offered through any interactive electronic device, including the internet.

NEW SECTION. **Sec. 133. FOR THE COMMISSION ON HISPANIC AFFAIRS**

General Fund--State Appropriation (FY 2006) $238,000
General Fund--State Appropriation (FY 2007) $247,000
TOTAL APPROPRIATION $485,000

NEW SECTION. **Sec. 134. FOR THE COMMISSION ON AFRICAN-AMERICAN AFFAIRS**

General Fund--State Appropriation (FY 2006) $237,000
General Fund--State Appropriation (FY 2007) $240,000
TOTAL APPROPRIATION $477,000

NEW SECTION. **Sec. 135. FOR THE PERSONNEL APPEALS BOARD**

Department of Personnel Service Account--State
Appropriation $1,043,000

NEW SECTION. **Sec. 136. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--OPERATIONS**

Dependent Care Administrative Account--State
Appropriation $416,000
Department of Retirement Systems Expense Account--
State Appropriation $45,056,000
TOTAL APPROPRIATION $45,472,000

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

(1) $13,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1327, chapter 65, Laws of 2005 (purchasing service credit).

(2) $10,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1269, chapter 21, Laws of 2005 (law enforcement officers' and fire fighters' retirement system plan 2 service credit purchase).

(3) $55,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1270 (law enforcement officers' and fire fighters' retirement system plan 2 postretirement employment). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(4) $26,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1319, chapter 62, Laws of 2005 (law enforcement officers' and fire fighters' retirement system plan 1 ex-spouse benefits).

(5) $46,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1325, chapter 64, Laws of 2005 (military service credit purchase).

(6) $79,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1329, chapter 67, Laws of 2005 (law enforcement officers' and fire fighters' retirement system plan 1 reduced survivor benefit).

(7) $56,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1936 (emergency medical technician membership in law enforcement officers' and fire fighters' retirement system plan 2 service). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(8) $16,000 of the department of retirement systems expense account is provided solely to implement Senate Bill No. 5522 (purchasing service credit lost due to injury). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

NEW SECTION. **Sec. 137. FOR THE STATE INVESTMENT BOARD**

State Investment Board Expense Account--State
Appropriation $16,020,000

NEW SECTION. **Sec. 138. FOR THE DEPARTMENT OF REVENUE**

General Fund--State Appropriation (FY 2006) $90,065,000
General Fund--State Appropriation (FY 2007) $91,207,000
Timber Tax Distribution Account--State Appropriation . . . $5,609,000
Waste Reduction/Recycling/Litter Control--State
Appropriation $108,000
State Toxics Control Account--State Appropriation $73,000
Oil Spill Prevention Account--State Appropriation $14,000
TOTAL APPROPRIATION $187,076,000

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

(1) $113,000 of the general fund--state appropriation for fiscal year 2006, and $93,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of House Bill No. 1315 (modifying disclosure requirements for the purposes of the real estate excise tax). If House Bill No. 1315 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(2) $7,000 of the general fund--state appropriation for fiscal year 2006 and $2,000 of the general fund--state appropriation for fiscal

year 2007 are provided solely for the implementation of Substitute Senate Bill No. 5101 (renewable energy). If Substitute Senate Bill No. 5101 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(3) $100,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the implementation of Engrossed House Bill No. 1241 (modifying vehicle licensing and registration penalties). If Engrossed House Bill No. 1241 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(4) $1,390,000 of the general fund--state appropriation for fiscal year 2006, and $1,240,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the department to employ strategies to enhance current revenue enforcement activities.

NEW SECTION. **Sec. 139. FOR THE BOARD OF TAX APPEALS**

General Fund--State Appropriation (FY 2006) $1,362,000
General Fund--State Appropriation (FY 2007) $1,211,000
TOTAL APPROPRIATION $2,573,000

NEW SECTION. **Sec. 140. FOR THE MUNICIPAL RESEARCH COUNCIL**

County Research Services Account--State Appropriation $787,000
City and Town Research Services Account--State
Appropriation $4,134,000
TOTAL APPROPRIATION $4,921,000

NEW SECTION. **Sec. 141. FOR THE OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES**

OMWBE Enterprises Account--State Appropriation $3,186,000

The appropriation in this section is subject to the following conditions and limitations: $180,000 of the OMWBE enterprises account appropriation is provided solely for management of private sector grants and coordination of support services to small businesses in the state. It is the intent of the legislature that this amount be funded from new grant revenues and business fees.

NEW SECTION. **Sec. 142. FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

General Fund--State Appropriation (FY 2006) $321,000

General Fund--State Appropriation (FY 2007) $233,000
General Fund--Federal Appropriation $3,640,000
General Administration Service Account--State
Appropriation $32,045,000
TOTAL APPROPRIATION $36,239,000

The appropriations in this section are subject to the following conditions and limitations: $75,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the implementation of House Bill No. 1830 (alternative public works). If Engrossed Substitute House Bill No. 1830 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

NEW SECTION. **Sec. 143. FOR THE DEPARTMENT OF INFORMATION SERVICES**
Data Processing Revolving Account--State
Appropriation $3,612,000
Public Safety and Education Account--State
Appropriation $684,000
TOTAL APPROPRIATION $4,296,000

NEW SECTION. **Sec. 144. FOR THE INSURANCE COMMISSIONER**
General Fund--Federal Appropriation $673,000
Insurance Commissioners Regulatory Account--State
Appropriation $40,253,000
TOTAL APPROPRIATION $40,926,000

NEW SECTION. **Sec. 145. FOR THE BOARD OF ACCOUNTANCY**
Certified Public Accountants' Account--State
Appropriation $1,962,000

NEW SECTION. **Sec. 146. FOR THE FORENSIC INVESTIGATION COUNCIL**
Death Investigations Account--State Appropriation $282,000

The appropriation in this section is subject to the following conditions and limitations: $250,000 of the death investigation account appropriation is provided solely for providing financial assistance to local jurisdictions in multiple death investigations. The forensic investigation council shall develop criteria for awarding

these funds for multiple death investigations involving an unanticipated, extraordinary, and catastrophic event or those involving multiple jurisdictions.

NEW SECTION. **Sec. 147. FOR THE HORSE RACING COMMISSION**

Horse Racing Commission Operating Account--State
Appropriation $5,009,000

NEW SECTION. **Sec. 148. FOR THE LIQUOR CONTROL BOARD**

General Fund--State Appropriation (FY 2006) $1,739,000
General Fund--State Appropriation (FY 2007) $1,706,000
Liquor Control Board Construction and Maintenance
Account--State Appropriation $12,832,000
Liquor Revolving Account--State Appropriation $154,080,000
TOTAL APPROPRIATION $170,357,000

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

(1) As authorized under RCW 66.16.010, the liquor control board shall add an equivalent surcharge of $0.42 per liter on all retail sales of spirits, excluding licensee, military and tribal sales, effective no later than July 1, 2005. The intent of this surcharge is to generate additional revenues for the state general fund in the 2005-07 biennium.

(2) $154,000 of the liquor revolving account--state appropriation is provided solely for the lease of state vehicles from the department of general administration's motor pool.

(3) $2,228,000 of the liquor revolving account--state appropriation is provided solely for costs associated with the installation of a wide area network that connects all of the state liquor stores and the liquor control board headquarters.

(4) $186,000 of the liquor revolving account--state appropriation is provided solely for an alcohol education staff coordinator and associated alcohol educational resources targeted toward middle school and high school students.

(5) $2,261,000 of the liquor revolving account--state appropriation is provided solely for replacement of essential computer equipment, improvement of security measures, and improvement to the core information technology infrastructure.

(6) $2,800,000 of the liquor control board construction and maintenance account--state appropriation is provided solely for the certificate of participation to fund the expansion of the liquor distribution center.

(7) $3,233,000 of the liquor revolving account--state appropriation is provided solely for upgrades to material handling system and warehouse management system software and equipment, and associated staff to increase the liquor distribution center's shipping capacity.

(8) $2,746,000 of the liquor revolving account--state appropriation is provided solely for additional state liquor store and retail business analysis staff. The additional liquor store staff will be deployed to those stores with the greatest potential for increased customer satisfaction and revenue growth. The liquor control board, using the new retail business analysis staff and, if needed, an independent consultant, will analyze the impact of additional staff on customer satisfaction and revenue growth and make recommendations that will increase the effectiveness and efficiency of all the liquor control board's retail-related activities. Using best practices and benchmarks from comparable retail organizations, the analysis will evaluate and make recommendations, at a minimum, on the following issues: Optimal staffing levels and store locations and numbers of stores (both state liquor stores and contract liquor stores); options for an improved retail organizational structure; strategies to increase the retail decision-making capacity; and resources required for enhanced internal organizational support of the retail activities. In support of this evaluation, a survey shall be employed to gauge customer satisfaction with state and contract liquor store services. A written evaluation with recommendations shall be submitted to the governor and the legislative fiscal committees by October 1, 2006.

(9) $187,000 of the general fund--state appropriation for fiscal year 2006 and $122,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Senate Bill No. 6097 (tobacco products enforcement). If Senate Bill No. 6097 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(10) $1,435,000 of the liquor revolving account--state appropriation is provided solely for the implementation of Substitute

House Bill No. 1379 (liquor retail plan). If Substitute House Bill No. 1379 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

NEW SECTION. **Sec. 149. FOR THE UTILITIES AND TRANSPORTATION COMMISSION**

Public Service Revolving Account--State Appropriation . . $28,436,000
Pipeline Safety Account--State Appropriation $2,877,000
Pipeline Safety Account--Federal Appropriation $1,535,000
TOTAL APPROPRIATION $32,848,000

NEW SECTION. **Sec. 150. FOR THE BOARD FOR VOLUNTEER FIREFIGHTERS**

Volunteer Firefighters' and Reserve Officers'
Administrative Account--State Appropriation $768,000

NEW SECTION. **Sec. 151. FOR THE MILITARY DEPARTMENT**

General Fund--State Appropriation (FY 2006) $10,084,000
General Fund--State Appropriation (FY 2007) $9,362,000
General Fund--Federal Appropriation $165,970,000
General Fund--Local Appropriation $2,000
Enhanced 911 Account--State Appropriation $34,766,000
Disaster Response Account--State Appropriation $2,277,000
Disaster Response Account--Federal Appropriation $11,008,000
Worker and Community Right-to-Know Account--State
Appropriation $314,000
Nisqually Earthquake Account--State Appropriation $6,713,000
Nisqually Earthquake Account--Federal Appropriation . . . $29,127,000
Military Department Rental and Lease Account--State
Appropriation $378,000
TOTAL APPROPRIATION $270,001,000

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

(1) $2,277,000 of the disaster response account--state appropriation and $11,008,000 of the disaster response account--federal appropriation may be spent only on disasters declared by the governor and with the approval of the office of financial management. The military department shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing

information on the disaster response account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2005-07 biennium based on current revenue and expenditure patterns.

(2) $6,713,000 of the Nisqually earthquake account--state appropriation and $29,127,000 of the Nisqually earthquake account--federal appropriation are provided solely for response and recovery costs associated with the February 28, 2001, earthquake. The military department shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing earthquake recovery costs, including: (a) Estimates of total costs; (b) incremental changes from the previous estimate; (c) actual expenditures; (d) estimates of total remaining costs to be paid; and (e) estimates of future payments by biennium. This information shall be displayed by fund, by type of assistance, and by amount paid on behalf of state agencies or local organizations. The military department shall also submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on the Nisqually earthquake account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2005-07 biennium based on current revenue and expenditure patterns.

(3) $127,586,000 of the general fund--federal appropriation is provided solely for homeland security, subject to the following conditions:

(a) Any communications equipment purchased by local jurisdictions or state agencies shall be consistent with standards set by the Washington state interoperability executive committee;

(b) This amount shall not be allotted until a spending plan is reviewed by the governor's domestic security advisory group and approved by the office of financial management;

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

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

(d) The department shall submit a report by December 1st of each year to the office of financial management and the legislative fiscal committees detailing homeland security revenues and expenditures for the previous fiscal year by county and legislative district.

(4) $867,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the Cowlitz county 911 communications center for the purpose of purchasing or reimbursing the purchase of interoperable radio communication technology to improve disaster response in the Mount St. Helens area.

(5) No funds from sources other than fees from voice over internet protocol (VOIP) providers may be used to implement technologies specific to the integration of VOIP 911 with E-911. The military department, in conjunction with the department of revenue, shall propose methods for assuring the collection of an appropriate enhanced 911 excise tax from VOIP 911 providers and shall report their recommendations to the legislature by November 1, 2005.

NEW SECTION. **Sec. 152. FOR THE PUBLIC EMPLOYMENT RELATIONS COMMISSION**

General Fund--State Appropriation (FY 2006) $2,776,000
General Fund--State Appropriation (FY 2007) $2,824,000
Department of Personnel Service Account--State
Appropriation $2,945,000
TOTAL APPROPRIATION $8,545,000

NEW SECTION. **Sec. 153. FOR THE GROWTH PLANNING HEARINGS BOARD**

General Fund--State Appropriation (FY 2006) $1,571,000
General Fund--State Appropriation (FY 2007) $1,587,000
TOTAL APPROPRIATION $3,158,000

The appropriations in this section are subject to the following conditions and limitations: $9,000 of the general fund--state appropriation for fiscal year 2006 and $9,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Western Board to relocate. If the Western Board does not relocate by June 30, 2006, the amounts provided in this subsection shall lapse.

NEW SECTION. **Sec. 154. FOR THE STATE CONVENTION AND TRADE CENTER**

State Convention and Trade Center Account--State Appropriation $30,512,000

State Convention and Trade Center Operating Account--State Appropriation $46,470,000

TOTAL APPROPRIATION $76,982,000

NEW SECTION. **Sec. 155. FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION**

General Fund--State Appropriation (FY 2006) $550,000

General Fund--State Appropriation (FY 2007) $549,000

General Fund--Federal Appropriation $1,446,000

General Fund--Local Appropriation $14,000

TOTAL APPROPRIATION $2,559,000

(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 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 enrollment. The WMIP pilot projects shall not exceed a daily enrollment of 6,000 persons during the 2005-2007 biennium. The amount

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

(4) In accordance with RCW 74.39A.300, the appropriations to the department of social and health services in this act are sufficient to implement the compensation and fringe benefits of the collective bargaining agreement reached between the governor and the exclusive bargaining representative of individual providers of home care services.

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

General Fund--State Appropriation (FY 2006) $251,005,000
General Fund--State Appropriation (FY 2007) $266,350,000
General Fund--Federal Appropriation $421,401,000
General Fund--Private/Local Appropriation $400,000
Public Safety and Education Account--State
Appropriation $10,754,000
Violence Reduction and Drug Enforcement Account--State
Appropriation $1,510,000
TOTAL APPROPRIATION $951,420,000

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

(1) $2,271,000 of the general fund--state appropriation for fiscal year 2006, $2,271,000 of the general fund--state appropriation for

fiscal year 2007, and $1,584,000 of the general fund--federal appropriation are provided solely for the category of services titled "intensive family preservation services."

(2) $701,000 of the general fund--state appropriation for fiscal year 2006 and $701,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to contract for the operation of one pediatric interim care facility. The facility shall provide residential care for up to thirteen children through two years of age. Seventy-five percent of the children served by the facility must be in need of special care as a result of substance abuse by their mothers. The facility shall also provide on-site training to biological, adoptive, or foster parents. The facility shall provide at least three months of consultation and support to parents accepting placement of children from the facility. The facility may recruit new and current foster and adoptive parents for infants served by the facility. The department shall not require case management as a condition of the contract.

(3) $375,000 of the general fund--state appropriation for fiscal year 2006, $375,000 of the general fund--state appropriation for fiscal year 2007, and $322,000 of the general fund--federal appropriation are provided solely for up to three nonfacility-based programs for the training, consultation, support, and recruitment of biological, foster, and adoptive parents of children through age three in need of special care as a result of substance abuse by their mothers, except that each program may serve up to three medically fragile nonsubstance-abuse-affected children. In selecting nonfacility-based programs, preference shall be given to programs whose federal or private funding sources have expired or that have successfully performed under the existing pediatric interim care program.

(4) $125,000 of the general fund--state appropriation for fiscal year 2004 and $125,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for a foster parent retention program. This program is directed at foster parents caring for children who act out sexually.

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

(6) Within amounts provided for the foster care and adoption support programs, the department shall control reimbursement decisions for foster care and adoption support cases such that the aggregate average cost per case for foster care and for adoption support does not exceed the amounts assumed in the projected caseload expenditures. The department shall adjust adoption support benefits to account for the availability of the new federal adoption support tax credit for special needs children. The department shall report annually by October 1st to the appropriate committees of the legislature on the specific efforts taken to contain costs.

(7) $3,837,000 of the general fund--state appropriation for fiscal year 2006, $6,352,000 of the general fund--state appropriation for fiscal year 2007, and $4,370,000 of the general fund--federal appropriation are provided solely for reforms to the child protective services and child welfare services programs, including 30-day face-to-face contact for children in out-of-home care, improved timeliness of child protective services investigations, an enhanced in-home child welfare services program, and education specialist services. The department shall report by December 1st of each year on the implementation status of the enhancements, including the hiring of new staff, and the outcomes of the reform efforts. The information provided shall include a progress report on items in the child and family services review program improvement plan and areas identified for improvement in the Braam lawsuit settlement.

(8) Within amounts appropriated in this section, priority shall be given to proven intervention models, including evidence-based prevention and early intervention programs identified by the Washington institute for public policy and the department. The department shall include information on the number, type, and outcomes of the evidence-based programs being implemented in its reports on child welfare reform efforts.

(9) $177,000 of the general fund--state appropriation for fiscal year 2006 and $178,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the state association of children's advocacy centers. Funds may be used for (a) children's advocacy centers that meet the national children's alliance accreditation standards for full membership, and are members in good

standing; (b) communities in the process of establishing a center; and (c) the state association of children's advocacy centers. A 50 percent match will be required of each center receiving state funding.

(10) $50,000 of the general fund--state appropriation for fiscal year 2006 and $50,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a street youth program in Spokane.

(11) $4,672,000 of the general fund--state appropriation for fiscal year 2006 and $4,672,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for secure crisis residential centers.

(12) $572,000 of the general fund--state appropriation for fiscal year 2006, $572,000 of the general fund--state appropriation for fiscal year 2007, and $1,144,000 of the general fund--federal appropriation are provided solely for section 305 of Senate Bill No. 5763 (mental disorders treatment) for chemical dependency specialist services.

(13) $3,500,000 of the general fund--state appropriation for fiscal year 2007 and $1,500,000 of the general fund--federal appropriation are provided solely for Engrossed Senate Bill No. 5922 (child neglect). If the bill is not enacted by June 30, 2005, these amounts shall lapse.

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

General Fund--State Appropriation (FY 2006) $78,552,000
General Fund--State Appropriation (FY 2007) $81,760,000
General Fund--Federal Appropriation $5,998,000
General Fund--Private/Local Appropriation $1,098,000
Violence Reduction and Drug Enforcement Account--State
Appropriation $38,385,000
Juvenile Accountability Incentive Account--Federal
Appropriation $5,621,000
TOTAL APPROPRIATION $211,414,000

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

(1) $706,000 of the violence reduction and drug enforcement account appropriation is provided solely for deposit in the county criminal justice assistance account for costs to the criminal justice system associated with the implementation of chapter 338, Laws of 1997

(juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county adult court costs associated with the implementation of chapter 338, Laws of 1997 and shall be distributed in accordance with RCW 82.14.310.

(2) $6,156,000 of the violence reduction and drug enforcement account appropriation is provided solely for the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county impacts associated with the implementation of chapter 338, Laws of 1997 and shall be distributed to counties as prescribed in the current consolidated juvenile services (CJS) formula.

(3) $1,020,000 of the general fund--state appropriation for fiscal year 2006, $1,030,000 of the general fund--state appropriation for fiscal year 2007, and $5,345,000 of the violence reduction and drug enforcement account appropriation are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

(4) $2,997,000 of the violence reduction and drug enforcement account appropriation is provided solely to implement alcohol and substance abuse treatment programs for locally committed offenders. The juvenile rehabilitation administration shall award these moneys on a competitive basis to counties that submitted a plan for the provision of services approved by the division of alcohol and substance abuse. The juvenile rehabilitation administration shall develop criteria for evaluation of plans submitted and a timeline for awarding funding and shall assist counties in creating and submitting plans for evaluation.

(5) For the purposes of a pilot project, the juvenile rehabilitation administration shall provide a block grant, rather than categorical funding, for consolidated juvenile services, community juvenile accountability act grants, the chemically dependent disposition alternative, and the special sex offender disposition alternative to the Pierce county juvenile court. To evaluate the effect of decategorizing funding for youth services, the juvenile court shall do the following:

(a) Develop intermediate client outcomes according to the risk assessment tool (RAT) currently used by juvenile courts and in coordination with the juvenile rehabilitation administration;

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

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

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

(e) Provide a process evaluation to the juvenile rehabilitation administration and the family policy council by June 20, 2006, and a concluding report by June 30, 2007. The court shall develop this evaluation in consultation with the juvenile rehabilitation administration, the family policy council, and the Washington state institute for public policy.

(6) $319,000 of the general fund--state appropriation for fiscal year 2006 and $678,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to establish a reinvesting in youth pilot program. Participation shall be limited to three counties or groups of counties, including one charter county with a population of over eight hundred thousand residents and at least one county or group of counties with a combined population of three hundred thousand residents or less.

(a) Only the following intervention service models shall be funded under the pilot program: (i) Functional family therapy; (ii) multi-systemic therapy; and (iii) aggression replacement training.

(b) Subject to (c) of this subsection, payments to counties in the pilot program shall be sixty-nine percent of the average service model cost per youth times the number of youth engaged by the selected service model. For the purposes of calculating the average service model cost per engaged youth for a county, the following costs will be included: Staff salaries, staff benefits, training, fees, quality assurance, and local expenditures on administration.

(c) Distribution of moneys to the charter county with a population of over eight hundred thousand residents shall be based upon the number

of youth that are engaged by the intervention service models, up to six hundred thousand dollars for the biennium. The department may distribute the remaining grant moneys to the other counties selected to participate in the pilot program.

(d) The department shall provide recommendations to the legislature by June 30, 2006, regarding a cost savings calculation methodology, a funds distribution formula, and criteria for service model eligibility for use if the reinvesting in youth program is continued in future biennia.

(e) $248,000 of the general fund--state appropriation for fiscal year 2006 and $496,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to reimburse counties for local juvenile disposition alternatives implemented pursuant to House Bill No. 2073 (juvenile sentencing) and Senate Bill No. 5719 (community commitment). The juvenile rehabilitation administration, in consultation with the juvenile court administrators, shall develop an equitable distribution formula for the funding provided in this subsection, and negotiate contracts that would avoid the cost of a youth kept in the community costing more than serving the youth in a juvenile rehabilitation institution and parole program on an average daily population basis. The juvenile rehabilitation administration may adjust the funding level provided in this subsection in the event that utilization rates of the disposition alternatives are lower than the level anticipated by the total appropriation to the juvenile rehabilitation administration in this section. The juvenile rehabilitation administration shall report to the appropriate policy and fiscal committees of the legislature on the use of the disposition alternatives and revocations by December 1, 2006. If either bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

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

(1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund--State Appropriation (FY 2006) $261,430,000
General Fund--State Appropriation (FY 2007) $269,285,000
General Fund--Federal Appropriation $336,771,000
General Fund--Private/Local Appropriation $1,970,000

TOTAL APPROPRIATION $869,456,000

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

(a) In fiscal year 2006 the department shall continue and in fiscal year 2007 it shall complete the phased-in implementation of the revised medicaid allocation formula under which each regional support network is paid the same standard capitation rate per medicaid eligible person, adjusted by age and disability status.

(b) $103,400,000 of the general fund--state appropriation for fiscal year 2006 and $103,400,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for persons and services not covered by the medicaid program. The department shall distribute these amounts among the regional support networks according to a formula that, consistent with RCW 71.24.035(13), assures continuation of fiscal year 2003 levels of nonmedicaid service in each regional support network area for the following service categories in the following priority order: (i) Crisis and commitment services; (ii) community inpatient services; and (iii) residential care services, including personal care and emergency housing assistance. The remaining amounts shall be distributed based upon a formula that incorporates each regional support network's percentage of the state's population. In consultation with regional support networks and other interested groups, the department shall report to the joint legislative and executive task force by September 2006 on options for modifying the allocation formula to assure equitable statewide access to essential nonmedicaid services.

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

(d) Within amounts appropriated in this subsection, the department shall contract with the Clark county regional support network for development and operation of a project demonstrating collaborative methods for providing intensive mental health services in the school setting for severely emotionally disturbed children who are medicaid eligible. Project services shall be delivered by teachers and teaching

assistants who qualify as, or who are under the supervision of, mental health professionals meeting the requirements of chapter 275-57 WAC. The department shall increase medicaid payments to the regional support network by the amount necessary to cover the necessary and allowable costs of the demonstration, not to exceed the upper payment limit specified for the regional support network in the department's medicaid waiver agreement with the federal government after meeting all other medicaid spending requirements assumed in this subsection. The regional support network shall provide the required nonfederal share of the increased medicaid payment provided for operation of this project.

(e) $3,100,000 of the general fund--state appropriation for fiscal year 2006 and $3,375,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to establish a base community psychiatric hospitalization payment rate. The base payment rate shall be $400 per indigent patient day at hospitals that accept commitments under the involuntary treatment act, and $550 per medicaid patient day at free-standing psychiatric hospitals that accept commitments under the involuntary treatment act. The department shall allocate these funds among the regional support networks to reflect projected expenditures at the enhanced payment level by hospital and region.

(f) At least $902,000 of the federal block grant funding appropriated in this subsection shall be used for the continued operation of the mentally ill offender pilot program.

(g) $2,146,000 of the general fund--state appropriation for fiscal year 2006, $4,408,000 of the general fund--state appropriation for fiscal year 2007, and $4,559,000 of the general fund--federal appropriation are provided solely for a vendor rate increase to regional support networks for medicaid and nonmedicaid services, to the extent that: Amounts provided in this subsection (1) to serve medicaid clients through regional support networks are sufficient to ensure compliance with federally approved actuarially sound medicaid rate ranges in every rate category. If such amounts are not sufficient to ensure compliance, funds provided in this subsection (1)(g) shall first be applied to address any noncompliant rate category; remaining amounts shall be allocated among the regional support networks by applying a uniform percentage of increase across regional support networks.

(h) $5,000,000 of the general fund--state appropriation for fiscal year 2006 and $5,000,000 of the general fund--state appropriation for

fiscal year 2007 are provided solely for mental health services for mentally ill offenders while confined in a county or city jail and for facilitating access to programs that offer mental health services upon mentally ill offenders' release from confinement. These amounts shall supplement, and not supplant, local or other funding or in-kind resources currently being used for these purposes. The department is authorized to transfer such amounts as are necessary, which are not to exceed $418,000 of the general fund--state appropriation for fiscal year 2006 and $418,000 of the general fund--state appropriation for fiscal year 2007, to the economic services program for the purposes of implementing section 12 of Engrossed Second Substitute House Bill No. 1290 (community mental health) related to reinstating and facilitating access to mental health services upon mentally ill offenders' release from confinement.

(i) $1,500,000 of the general fund--state appropriation for fiscal year 2006 and $1,500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for grants for innovative mental health service delivery projects. Such projects may include, but are not limited to, clubhouse programs and projects for integrated health care and behavioral health services for general assistance recipients. These amounts shall supplement, and not supplant, local or other funding currently being used for activities funded under the projects authorized in this subsection.

(j) The department is authorized to continue to expend federal block grant funds, and special purpose federal grants, through direct contracts, rather than through contracts with regional support networks; and to distribute such funds through a formula other than the one established pursuant to RCW 71.24.035(13).

(k) The department is authorized to continue to contract directly, rather than through contracts with regional support networks, for children's long-term inpatient facility services.

(l) $2,250,000 of the general fund--state appropriation for fiscal year 2006, $2,250,000 of the general fund--state appropriation for fiscal year 2007, and $4,500,000 of the general fund--federal appropriation are provided solely for the continued operation of community residential and support services for persons who are older adults or who have co-occurring medical and behavioral disorders and who have been discharged or diverted from a state psychiatric hospital.

These funds shall be used to serve individuals whose treatment needs constitute substantial barriers to community placement, who no longer require active psychiatric treatment at an inpatient hospital level of care, and who no longer meet the criteria for inpatient involuntary commitment. Coordination of these services will be done in partnership between the mental health program and the aging and disability services administration. The funds are not subject to the standard allocation formula applied in accordance with RCW 71.24.035(13)(a).

(m) $750,000 of the general fund--state appropriation for fiscal year 2006 and $750,000 of the general fund--state appropriation for fiscal year 2007 are provided to continue performance-based incentive contracts to provide appropriate community support services for individuals with severe mental illness who have been discharged from the state hospitals. These funds will be used to enhance community residential and support services provided by regional support networks through other state and federal funding.

(n) $539,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to assist with the one-time start-up costs of two evaluation and treatment facilities. Funding for ongoing program operations shall be from existing funds that would otherwise be expended upon short-term treatment in state or community hospitals.

(o) $550,000 of the general fund--state appropriation for fiscal year 2006 and $150,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a pilot project that provides integrated care through a facility specializing in long-term rehabilitation services for people with chronic mental illness who are chronically medically-compromised. This project is to be implemented in coordination with and under the auspices of a regional support network.

(p) Sufficient funds are appropriated in this section to implement the integrated chemical dependency/mental health screening and assessment provisions of section 601 of Senate Bill No. 5763.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2006)	$104,749,000
General Fund--State Appropriation (FY 2007)	$110,534,000
General Fund--Federal Appropriation	$150,115,000
General Fund--Private/Local Appropriation	$29,632,000
TOTAL APPROPRIATION	$395,030,000

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

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

(b) $3,725,000 of the general fund--state appropriation for fiscal year 2006 and $3,675,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to operate at least one more forensic ward at western state hospital than was operational in December 2004, and to employ professional staff in addition to those assigned in December 2004 to conduct outpatient evaluations of competency to stand trial.

(c) $45,000 of the general fund--state appropriation for fiscal year 2006 and $45,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for payment to the city of Lakewood on September 1 of each year for police services provided by the city at western state hospital and adjacent areas.

(3) CIVIL COMMITMENT

General Fund--State Appropriation (FY 2006) $43,322,000
General Fund--State Appropriation (FY 2007) $46,551,000
TOTAL APPROPRIATION $89,873,000

(4) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2006) $643,000
General Fund--State Appropriation (FY 2007) $994,000
General Fund--Federal Appropriation $3,209,000
TOTAL APPROPRIATION $4,846,000

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

(a) $75,000 of the general fund--state appropriation for fiscal year 2006, $75,000 of the general fund--state appropriation for fiscal year 2007, and $40,000 of the general fund--federal appropriation are provided solely to implement the request for proposal process required by House Bill No. 1290 (community mental health). If House Bill No. 1290 is not enacted by June 30, 2005, these amounts shall lapse.

(b) $178,000 of the general fund--state appropriation for fiscal year 2006 and $221,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to develop and to train community

mental health staff in the use of the integrated chemical dependency/mental health screening and assessment system and tool required by section 601 of Senate Bill No. 5763 (mental disorders treatment). If section 601 of Senate Bill No. 5763 is not enacted by June 30, 2005, these amounts shall lapse.

(5) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2006) $3,620,000
General Fund--State Appropriation (FY 2007) $3,550,000
General Fund--Federal Appropriation $6,671,000
TOTAL APPROPRIATION $13,841,000

The appropriations in this subsection are subject to the following conditions and limitations: $125,000 of the general fund--state appropriation for fiscal year 2006, $125,000 of the general fund--state appropriation for fiscal year 2007, and $164,000 of the general fund--federal appropriation are provided solely for the institute for public policy to continue the longitudinal analysis directed in chapter 334, Laws of 2001 (mental health performance audit), and, to the extent funds are available within these amounts, to build upon the evaluation of the impacts of chapter 214, Laws of 1999 (mentally ill offenders).

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

(1) COMMUNITY SERVICES

General Fund--State Appropriation (FY 2006) $299,027,000
General Fund--State Appropriation (FY 2007) $311,869,000
General Fund--Federal Appropriation $505,414,000
Health Services Account--State Appropriation $904,000
TOTAL APPROPRIATION $1,117,214,000

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

(a) The entire health services account appropriation, $213,000 of the general fund--state appropriation for fiscal year 2006, $400,000 of the general fund--state appropriation for fiscal year 2007, and $600,000 of the general fund--federal appropriation are provided solely for health care benefits for agency home care workers who are employed through state contracts for at least twenty hours a week. The per

worker per month state contribution per agency to the cost of health care benefits shall be no greater than $380.06 in fiscal year 2006 and $413.14 in fiscal year 2007.

(b) Individuals receiving family support or high school transition payments as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(c) $516,000 of the general fund--state appropriation for fiscal year 2006, $1,563,000 of the general fund--state appropriation for fiscal year 2007, and $2,078,000 of the general fund--federal appropriation are provided solely for community residential and support services. Funding in this subsection shall be prioritized for (i) residents of residential habilitation centers who are able to be adequately cared for in community settings and who choose to live in those community settings; (ii) clients without residential services who are at immediate risk of institutionalization or in crisis; (iii) children who are aging out of other state services; and (iv) current home and community-based waiver program clients who have been assessed as having an immediate need for increased services. The department shall ensure that the average cost per day for all program services other than start-up costs shall not exceed $300. In order to maximize the number of clients served and ensure the cost-effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds provided the total projected carry-forward expenditures do not exceed the amounts estimated. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving prior to placement, and the actual expenditures for all community services to support these clients.

(d) $579,000 of the general fund--state appropriation for fiscal year 2006, $1,531,000 of the general fund--state appropriation for fiscal year 2007, and $2,110,000 of the general fund--federal appropriation are provided solely for expanded community services for persons with developmental disabilities who also have community

protection issues. Funding in this subsection shall be prioritized for (i) clients being diverted or discharged from the state psychiatric hospitals; (ii) clients participating in the dangerous mentally ill offender program; (iii) clients participating in the community protection program; and (iv) mental health crisis diversion outplacements. The department shall ensure that the average cost per day for all program services other than start-up costs shall not exceed $300. In order to maximize the number of clients served and ensure the cost-effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds if the total projected carry-forward expenditures do not exceed the amounts estimated. The department shall implement the four new waiver programs such that decisions about enrollment levels and the amount, duration, and scope of services maintain expenditures within appropriations. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving prior to placement, and the actual expenditures for all community services to support these clients.

(e) $900,000 of the general fund--state appropriation for fiscal year 2006 and $1,600,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of a flexible family support pilot program for families who are providing care and support for family members with developmental disabilities. The program shall provide funding for support services such as respite care, training and counseling, assistive technologies, transition services, and assistance with extraordinary household expenses.

(i) To receive funding, an individual must: (A) Be eligible for services from the division of developmental disabilities; (B) live with his or her family; (C) not live independently or with a spouse; (D) not receive paid services through the division, including medicaid personal care and medicaid waiver services; and (E) have gross household income of less than or equal to four hundred percent of the federal poverty level.

(ii) The department shall determine individual funding awards based on the following criteria: (A) Documented need for services, with priority given to individuals in crisis or at immediate risk of needing institutional services, individuals who transition from high school without employment or day program opportunities, individuals cared for by a single parent, and individuals with multiple disabilities; (B) number and ages of family members and their relation to the individual with developmental disabilities; (C) gross annual household income; and (D) availability of state funds.

Funding awards may be made as one-time awards or on a renewable basis. Renewable awards shall be for a period of twelve months for the biennium. Awards shall be based upon the criteria provided in this subsection, but shall be within the following limits: Maximum of $4,000 per year for an individual whose gross annual household income is up to 100 percent of the federal poverty level; maximum of $3,000 per year for an individual whose gross annual household income is up to 200 percent of the federal poverty level; maximum of $2,000 per year for an individual whose gross annual household income is up to 300 percent of the federal poverty level; and maximum of $1,000 per year for an individual whose gross annual household income is up to 400 percent of the federal poverty level. Of the amounts provided in this subsection, $150,000 of the general fund--state appropriation for fiscal year 2006 and $300,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for one-time awards.

(iii) Eligibility for, and the amount of, renewable awards and one-time awards shall be redetermined annually and shall correspond with the application of the department's mini-assessment tool. At the end of each award period, the department must redetermine eligibility for funding, including increases or reductions in the level of funding, as appropriate.

(iv) By November 1, 2006, the department shall provide recommendations to the appropriate policy and fiscal committees of the legislature on strategies for integrating state-funded family support programs, including, if appropriate, the flexible family support pilot program, into a single program. The department shall also provide a status report on the flexible family support pilot program, which shall include the following information: The number of applicants for

funding; the total number of awards; the number and amount of both annual and one-time awards, broken down by household income levels; and the purpose of the awards.

(v) The department shall manage enrollment and award levels so as to not exceed the amounts appropriated for this purpose.

(f) $840,000 of the general fund--state appropriation for fiscal year 2006, $1,979,000 of the general fund--state appropriation for fiscal year 2007, and $1,219,000 of the general fund--federal appropriation are provided solely for employment and day services. Priority consideration for this new funding shall be young adults with developmental disabilities living with their family who need employment opportunities and assistance after high school graduation. Services shall be provided for both waiver and nonwaiver clients.

(g) $1,000,000 of the general fund--state appropriation for fiscal year 2006, $1,000,000 of the general fund--state appropriation for fiscal year 2007, and $2,000,000 of the general fund--federal appropriation are provided for implementation of the administrative rate standardization. These amounts are in addition to any vendor rate increase adopted by the legislature.

(h) $100,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for services to community clients provided by licensed professionals at the state residential habilitation centers. The division shall submit claims for reimbursement for services provided to clients living in the community with medical assistance or third-party health coverage, as appropriate, and shall implement a system for billing clients without coverage. The department shall provide a report by December 1, 2006, to the appropriate committees of the legislature on the number of clients served, services provided, and expenditures and revenues associated with those services.

(i) $65,000 of the general fund--state appropriation for fiscal year 2006, $65,000 of the general fund--state appropriation for fiscal year 2007, and $130,000 of the general fund--federal appropriation are provided solely for supplemental compensation increases for direct care workers employed by home care agencies in recognition of higher labor market cost pressures experienced by agencies subject to collective bargaining obligations. In order for a specific home care agency to be

eligible for such increases, home care agencies shall submit the following to the department:

(i) Proof of a legally binding, written commitment to increase the compensation of agency home care workers; and

(ii) Proof of the existence of a method of enforcement of the commitment, such as arbitration, that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2006) $76,062,000
General Fund--State Appropriation (FY 2007) $78,545,000
General Fund--Federal Appropriation $152,479,000
General Fund--Private/Local Appropriation $12,000,000
TOTAL APPROPRIATION $319,086,000

The appropriations in this subsection are subject to the following conditions and limitations: The developmental disabilities program is authorized to use funds appropriated in this section to purchase goods and supplies through direct contracting with vendors when the program determines it is cost-effective to do so.

(3) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2006) $2,457,000
General Fund--State Appropriation (FY 2007) $2,068,000
General Fund--Federal Appropriation $3,034,000
TOTAL APPROPRIATION $7,559,000

The appropriations in this subsection are subject to the following conditions and limitations: $578,000 of the general fund--state appropriation for fiscal year 2006 and $578,000 of the general fund--federal appropriation are provided solely for the purpose of developing and implementing a consistent needs assessment instrument for use on all clients with developmental disabilities. In developing the instrument, the department shall develop a process for collecting data on family income for minor children with developmental disabilities and all individuals who are receiving state-only funded services. The department shall ensure that this information is captured as part of the client assessment process.

(4) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2006) $11,000

General Fund--State Appropriation (FY 2007) $17,000
General Fund--Federal Appropriation $16,668,000
TOTAL APPROPRIATION $16,696,000

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

General Fund--State Appropriation (FY 2006) $604,891,000
General Fund--State Appropriation (FY 2007) $623,448,000
General Fund--Federal Appropriation $1,264,939,000
General Fund--Private/Local Appropriation $18,939,000
Health Services Account--State Appropriation $4,888,000
TOTAL APPROPRIATION $2,517,105,000

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

(1) The entire health services account appropriation, $610,000 of the general fund--state appropriation for fiscal year 2006, $610,000 of the general fund--state appropriation for fiscal year 2007, and $5,552,000 of the general fund--federal appropriation are provided solely for health care benefits for agency home care workers who are employed through state contracts for at least twenty hours a week. The per worker per month state contribution per agency to the cost of health care benefits shall be no greater than $380.06 in fiscal year 2006 and $413.14 in fiscal year 2007.

(2) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall not exceed $149.14 for fiscal year 2006 and shall not exceed $153.50 for fiscal year 2007.

(3) In accordance with chapter 74.46 RCW, the department shall issue certificates of capital authorization that result in up to $16 million of increased asset value completed and ready for occupancy in fiscal year 2006; up to $16 million of increased asset value completed and ready for occupancy in fiscal year 2007; and up to $16 million of increased asset value completed and ready for occupancy in fiscal year 2008.

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

(5) In accordance with chapter 74.39 RCW, the department may

implement two medicaid waiver programs for persons who do not qualify for such services as categorically needy, subject to federal approval and the following conditions and limitations:

(a) One waiver program shall include coverage of care in community residential facilities. Enrollment in the waiver shall not exceed 600 persons at any time.

(b) The second waiver program shall include coverage of in-home care. Enrollment in this second waiver shall not exceed 200 persons at any time.

(c) The department shall identify the number of medically needy nursing home residents, and enrollment and expenditures on each of the two medically needy waivers, on monthly management reports.

(d) If it is necessary to establish a waiting list for either waiver because the budgeted number of enrollment opportunities has been reached, the department shall track how the long-term care needs of applicants assigned to the waiting list are met.

(6) $1,413,000 of the general fund--state appropriation for fiscal year 2006, $2,887,000 of the general fund--state appropriation for fiscal year 2007, and $4,305,000 of the general fund--federal appropriation are provided solely to increase compensation for direct care workers employed by home care agencies by 27 cents per hour on July 1, 2005, and by an additional 23 cents per hour on July 1, 2006. The amounts in this subsection also include the funds needed for the employer share of unemployment and social security taxes on the amount of the increase.

(7) $1,786,000 of the general fund--state appropriation for fiscal year 2006 and $1,804,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for operation of the volunteer chore services program.

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

(9) $93,000 of the general fund--state appropriation for fiscal year 2006, $8,000 of the general fund--state appropriation for fiscal year 2007, and $101,000 of the general fund--federal appropriation are

provided solely to expand the number of boarding homes that receive exceptional care rates for persons with Alzheimer's disease and related dementias who might otherwise require nursing home care. The department may expand the number of licensed boarding home facilities that specialize in caring for such conditions by up to 85 beds in fiscal year 2006 and up to 150 beds in fiscal year 2007.

(10) $305,000 of the general fund--state appropriation for fiscal year 2006 and $377,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the senior farmer's market nutrition program.

(11) Within amounts appropriated in this section, the department shall develop and implement a pilot program that authorizes assisted living facilities to offer dual-occupancy accommodations to publicly-funded residents who would otherwise be placed in a skilled nursing facility or adult family home. The pilot shall include contracted assisted living facilities that are ineligible to receive capital add-on payments and whose Medicaid occupancy rates exceeded 50 percent as of December 31, 2004.

(12) $109,000 of the general fund--state appropriation for fiscal year 2006, $90,000 of the general fund--state appropriation for fiscal year 2007, and $198,000 of the general fund--federal appropriation are provided solely for the implementation of Second Substitute House Bill No. 1220 (long-term care financing). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(13) $100,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for area agencies on aging, or entities with which area agencies on aging contract, to provide a kinship navigator for grandparents and other kinship caregivers of children in both western and eastern Washington.

(a) Kinship navigator services shall include but not be limited to assisting kinship caregivers with understanding and navigating the system of services for children in out-of-home care while reducing barriers faced by kinship caregivers when accessing services.

(b) In providing kinship navigator services, area agencies on aging shall give priority to helping kinship caregivers maintain their caregiving role by helping them access existing services and supports, thus keeping children from entering foster care.

(14) $435,000 of the general fund--state appropriation for fiscal year 2006, $435,000 of the general fund--state appropriation for fiscal year 2007, and $870,000 of the general fund--federal appropriation are provided solely for supplemental compensation increases for direct care workers employed by home care agencies in recognition of higher labor market cost pressures experienced by agencies subject to collective bargaining obligations. In order for a specific home care agency to be eligible for such increases, home care agencies shall submit the following to the department:

(i) Proof of a legally binding, written commitment to increase the compensation of agency home care workers; and

(ii) Proof of the existence of a method of enforcement of the commitment, such as arbitration, that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees.

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

General Fund--State Appropriation (FY 2006) $483,166,000
General Fund--State Appropriation (FY 2007) $501,081,000
General Fund--Federal Appropriation $1,246,447,000
General Fund--Private/Local Appropriation $31,466,000
TOTAL APPROPRIATION $2,262,160,000

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

(1) $273,333,000 of the general fund--state appropriation for fiscal year 2006, $273,333,000 of the general fund--state appropriation for fiscal year 2007, and $1,020,292,000 of the general fund--federal appropriation are provided solely for all components of the WorkFirst program. Within the amounts provided for the WorkFirst program, the department shall:

(a) Continue to implement WorkFirst program improvements that are designed to achieve progress against outcome measures specified in RCW 74.08A.410. Outcome data regarding job retention and wage progression shall be reported quarterly to appropriate fiscal and policy committees of the legislature for families who leave assistance, measured after 12 months, 24 months, and 36 months. The department shall also report the

percentage of families who have returned to temporary assistance for needy families after 12 months, 24 months, and 36 months; and

(b) Submit a report by October 1, 2005, to the fiscal committees of the legislature containing a spending plan for the WorkFirst program. The plan shall identify how spending levels in the 2005-2007 biennium will be adjusted to stay within available federal grant levels and the appropriated state-fund levels.

(2) $75,833,000 of the general fund--state appropriation for fiscal year 2006 and $74,358,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for cash assistance and other services to recipients in the general assistance--unemployable program. Within these amounts:

(a) The department may expend funds for services that assist recipients to obtain employment and reduce their dependence on public assistance, provided that expenditures for these services and cash assistance do not exceed the funds provided. Mental health, substance abuse, and vocational rehabilitation services may be provided to recipients whose incapacity is not severe enough to qualify for services through a regional support network, the alcoholism and drug addiction treatment and support act, or the division of vocational rehabilitation to the extent that those services are necessary to eliminate or minimize barriers to employment;

(b) The department shall review the general assistance caseload to identify recipients that would benefit from assistance in becoming naturalized citizens, and thus be eligible to receive federal supplemental security income benefits. Those cases shall be given high priority for naturalization funding through the department;

(c) The department shall identify general assistance recipients who are or may be eligible to receive health care coverage or services through the federal veteran's administration and assist recipients in obtaining access to those benefits; and

(d) The department shall report by November of each year to the appropriate committees of the legislature on the progress and outcomes of these efforts.

(3) Within amounts appropriated in this section, the department shall increase the state supplemental payment by $10 per month for SSI clients who reside in nursing facilities, residential habilitation

centers, or state hospitals and who receive a personal needs allowance and decrease other state supplemental payments.

(4) $5,000,000 of the general fund--state appropriation for fiscal year 2006 and $10,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a subsidy rate increase for child care providers. Of this amount, $500,000 per year shall be targeted for child care providers in urban areas of region 1 and $500,000 per year shall be targeted for one or more tiered-reimbursement pilot projects.

NEW SECTION. **Sec. 208. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ALCOHOL AND SUBSTANCE ABUSE PROGRAM**

General Fund--State Appropriation (FY 2006) $57,235,000
General Fund--State Appropriation (FY 2007) $66,956,000
General Fund--Federal Appropriation $110,175,000
General Fund--Private/Local Appropriation $633,000
Criminal Justice Treatment Account--State Appropriation . $16,500,000
Violence Reduction and Drug Enforcement Account--State
Appropriation $48,842,000
Problem Gambling Treatment Account--State Appropriation . . $1,500,000
Public Safety and Education Account--State
Appropriation $2,081,000
TOTAL APPROPRIATION $303,922,000

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

(1) $1,500,000 of the problem gambling treatment account appropriation is provided solely for the program established in Engrossed Substitute House Bill No. 1031 (problem gambling). If legislation creating the account is not enacted by June 30, 2005, this amount shall lapse.

(2) $1,339,000 of the general fund--state appropriation for fiscal year 2006 and $1,338,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the parent child assistance program, including an expansion of services to southwestern Washington. The department shall contract with the University of Washington and community-based providers in Spokane, Yakima, and southwestern Washington for the provision of this program. For all contractors, indirect charges for administering the program shall not exceed ten

percent of the total contract amount. The amounts provided in this subsection are sufficient to fund section 303 of Senate Bill No. 5763 (mental disorders treatment).

(3) $2,000,000 of the general fund--state appropriation for fiscal year 2006 and $3,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for vendor rate adjustments for residential treatment providers for chemical dependency services.

(4) $465,000 of the general fund--state appropriation for fiscal year 2006, $934,000 of the general fund--state appropriation for fiscal year 2007, $1,319,000 of the general fund--federal appropriation, and $700,000 of the violence reduction and drug enforcement account appropriation are provided solely for vendor rate adjustments for residential treatment providers. To the extent that a portion of this funding is sufficient to maintain sufficient residential treatment capacity, remaining amounts may then be used to provide vendor rate adjustments to other types of providers as prioritized by the department in order to maintain or increase treatment capacity.

(5) $1,916,000 of the general fund--state appropriation for fiscal year 2006 and $4,278,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for integrated pilot programs as required by section 203 of Senate Bill No. 5763 (mental disorders treatment). If section 203 of Senate Bill No. 5763 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(6) $244,000 of the general fund--state appropriation for fiscal year 2006 and $244,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for intensive case management pilot programs as required by section 220 of Senate Bill No. 5763 (mental disorders treatment). If section 220 of Senate Bill No. 5763 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(7) $159,000 of the general fund--state appropriation for fiscal year 2006, $140,000 of the general fund--state appropriation for fiscal year 2007, and $161,000 of the general fund--federal appropriation are provided solely for development of the integrated chemical dependency/mental health screening and assessment tool required by section 601 of Senate Bill No. 5763 (mental disorders treatment), and associated training and quality assurance. If section 601 of Senate

Bill No. 5763 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

NEW SECTION. **Sec. 209. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MEDICAL ASSISTANCE PROGRAM**

General Fund--State Appropriation (FY 2006) $1,481,212,000
General Fund--State Appropriation (FY 2007) $1,596,101,000
General Fund--Federal Appropriation $4,036,615,000
General Fund--Private/Local Appropriation $2,000,000
Emergency Medical Services and Trauma Care Systems
Trust Account--State Appropriation $15,000,000
Health Services Account--State Appropriation $636,942,000
TOTAL APPROPRIATION $7,767,870,000

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

(1) Based on quarterly expenditure reports and caseload forecasts, if the department estimates that expenditures for the medical assistance program will exceed the appropriations, the department shall take steps including but not limited to reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

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

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

(4) Sufficient amounts are appropriated in this section for the department to continue podiatry services for medicaid-eligible adults.

(5) Sufficient amounts are appropriated in this section for the department to provide an adult dental benefit that is equivalent to the benefit provided in the 2003-05 biennium.

(6) In accordance with RCW 74.46.625, $6,000,000 of the general fund--federal appropriation is provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the

payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments.

(7) $1,660,000 of the health services account appropriation, $4,361,000 of the general fund--federal appropriation, $1,350,000 of the general fund--state appropriation for fiscal year 2006, and $1,351,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for grants to rural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(8) $22,081,000 of the health services account appropriation and $20,714,000 of the general fund--federal appropriation are provided solely for grants to nonrural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(9) In response to the federal directive to eliminate intergovernmental transfer transactions effective June 30, 2005, the department is directed to implement the inpatient hospital certified public expenditures program for the 2005-07 biennium. The program shall apply to all public hospitals, including those owned or operated by the state, except those classified as critical access hospitals or state psychiatric institutions. Hospitals in the program shall be paid and shall retain (a) one hundred percent of the federal portion of each medicaid inpatient fee-for-service claim payable by the medical assistance administration; and (b) one hundred percent of the federal portion of the maximum disproportionate share hospital payment allowable under federal regulations. Medicaid fee-for-service claim

amounts shall be established by applying the department's ratio of costs to charges payment methodology. The department shall provide participating hospitals with the information and instructions needed by the hospital to certify the public expenditures required to qualify for the federal portions of both the medicaid inpatient fee-for-service payments and the disproportionate share hospital payments. In the event that any part of the program including, but not limited to, allowable certified public expenditures, is disallowed by the federal government, the department shall not seek recoupment of payments from the hospitals, provided the hospitals have complied with the directions of the department for participation in the program. The legislature intends that hospitals in the program receive no less in combined state and federal payments than they would have received under the methodology that was in place during fiscal year 2005. The department shall therefore make additional grant payments, not to exceed the amounts provided in this subsection, to hospitals whose total payments under the program would otherwise be less than the total state and federal payments they would have received under the methodology in effect during fiscal year 2005. $37,034,000 of the general fund--state appropriation for fiscal year 2006, $37,552,000 of the general fund--state appropriation for fiscal year 2007, $8,300,000 of the emergency medical services and trauma care systems trust account--state appropriation, and $45,450,000 of the general fund--federal appropriation are provided solely for new state grant and upper payment limit programs for the participating hospitals.

(10) $4,372,000 of the general fund--state appropriation for fiscal year 2006, $4,014,000 of the general fund--state appropriation for fiscal year 2007, and $65,112,000 of the general fund--federal appropriation are provided solely for development and implementation of a replacement system for the existing medicaid management information system.

(11) $150,000 of the general fund--state appropriation for fiscal year 2006, $75,000 of the general fund--state appropriation for fiscal year 2007, and $225,000 of the general fund--federal appropriation are provided solely for the department to contract for an independent analysis of the medical assistance administration's current system for establishing hospital inpatient payment rates, and for recommendations on a new or updated system. The department shall submit an interim

report of study findings by December 1, 2005, and a final report by November 15, 2006. The interim report shall include a comparison of the strengths and weaknesses of the current rate-setting system relative to those used by other state, federal, and private payers. The final report shall include recommendations on the design and implementation of a new or updated system that will promote equity among hospitals, access to quality care and improved health outcomes for patients, and cost-control and efficiency for taxpayers. The study should make use of complete and current cost data from a wide variety of hospitals, recognize unique aspects of hospital service delivery structures and medicaid payment systems in Washington, recognize impacts on productivity and quality of care that may result from hospital compensation, recruitment, and retention policies, and provide opportunities for comment and participation by key interest groups in the identification and assessment of alternatives.

(12) Payment rates for hospital inpatient and outpatient services shall be increased by an average of 1.3 percent effective July 1, 2005, and by an average of an additional 1.3 percent effective July 1, 2006. The inpatient increases shall be provided only on the portion of a hospital's rate that excludes medical education and outlier costs, and shall be allocated so that hospitals with lower costs of care (excluding medical education and outlier costs) receive larger percentage increases than those with higher costs of care. The inpatient increases shall be allocated in three percentage increments, with the lowest-cost hospitals receiving the largest percentage rate increase, highest-cost hospitals receiving the smallest percentage increase, and medium-cost hospitals receiving the average of the highest and the lowest percentage rate increase. Increases shall not be provided to those hospitals that are certified as critical access. Sufficient funds are appropriated in this section for Healthy Options contractors to increase hospital payment rates commensurate with the increases in fee-for-service payment rates.

(13) When a person is ineligible for medicaid solely by reason of residence in an institution for mental diseases, the department shall provide the person with the same benefits as he or she would receive if eligible for medicaid, using state-only funds to the extent necessary.

(14) The medical assistance administration is authorized to use

funds appropriated in this section to purchase goods and supplies through direct contracting with vendors when the administration determines it is cost-effective to do so.

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

(16) By October 1, 2005, the department shall recommend to the governor and legislature at least two pilot project designs which seem likely to reduce avoidable emergency room utilization at no net cost to the state within the projects' first eighteen months of operation.

(17) Within funds appropriated in this section, the department shall participate in the health technology assessment program required in section 213(6) of this act.

(18) The department is also required to participate in the joint health purchasing project described in section 213(7) of this act.

(19) The department shall, within available resources, continue operation of the medical care services care management pilot project for clients receiving general assistance benefits in King and Pierce counties. The project may use a full or partial capitation model that includes a mechanism for shared savings. The department shall provide a report to the appropriate committees of the legislature by January 1, 2006, on costs, savings, and any outcomes or quality measures associated with the pilot programs during the first year of operation.

(20) By October 1, 2005, the department shall report to the appropriate committees of the legislature on the potential fiscal and programmatic costs and benefits associated with an expansion of managed care pilot programs to SSI and other eligible medicaid elderly and disabled persons.

(21) Within the funding provided in section 207(2) of this act, the medical assistance administration and the economic services administration may implement a time-limited transitional prescription drug benefit for general assistance unemployable recipients who obtain employment and who have no other source of health insurance coverage. The benefit shall be limited to coverage of prescription drugs and medication management. The benefit shall be limited to one year. The department shall implement a premium schedule for the benefits under this subsection that is related to the participant's income. The minimum premium shall be twenty dollars per month. Recipients of this

transitional benefit shall not be considered part of the general assistance caseload unless eligibility is established under standard reapplication procedures.

(22) By November 15, 2006, the department of social and health services, in consultation with the department of revenue and the health care authority, shall report to the health care and fiscal committees of the legislature on options for providing financial incentives for private practice physicians to serve uninsured, medicare, and medicaid patients. The report shall include an assessment of the relative costs and effectiveness of strategies including, but not limited to, tax credits and payment rate increases. The report shall further suggest alternative mechanisms and thresholds for varying tax credits and payment enhancements according to the extent to which a provider serves uninsured, medicare, and medicaid patients.

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

General Fund--State Appropriation (FY 2006) $11,202,000
General Fund--State Appropriation (FY 2007) $11,350,000
General Fund--Federal Appropriation $86,908,000
General Fund--Private/Local Appropriation $440,000
Telecommunications Devices for the Hearing and
Speech Impaired--State Appropriation $1,791,000
TOTAL APPROPRIATION $111,691,000

The appropriations in this section are subject to the following conditions and limitations: The division of vocational rehabilitation shall maintain support for existing clubhouse programs at the 2003-2005 level.

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

General Fund--State Appropriation (FY 2006) $32,933,000
General Fund--State Appropriation (FY 2007) $29,910,000
General Fund--Federal Appropriation $51,489,000
General Fund--Private/Local Appropriation $810,000
Public Safety and Education Account--State
Appropriation $2,452,000
Violence Reduction and Drug Enforcement Account--State

Appropriation $1,791,000
Domestic Violence Prevention Account--State
Appropriation $1,345,000
TOTAL APPROPRIATION $120,730,000

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

(1) $500,000 of the general fund--state appropriation for fiscal year 2006 and $500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for funding of the teamchild project through the governor's juvenile justice advisory committee.

(2) $2,452,000 of the public safety and education account--state appropriation and $1,791,000 of the violence reduction and drug enforcement account--state appropriation are provided solely for the family policy council.

(3) $3,195,000 of the general fund--state appropriation for fiscal year 2006, $639,000 of the general fund--state appropriation for fiscal year 2007, and $3,834,000 of the general--fund federal appropriation are provided solely to implement the 2005-07 home care worker collective bargaining agreement.

(4) $1,345,000 of the domestic violence prevention account is provided solely for the implementation of Engrossed Substitute House Bill No. 1314 (domestic violence prevention). If legislation creating the account is not enacted by June 30, 2005, this amount shall lapse.

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

General Fund--State Appropriation (FY 2006) $46,381,000
General Fund--State Appropriation (FY 2007) $46,380,000
General Fund--Federal Appropriation $45,103,000
TOTAL APPROPRIATION $137,864,000

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

General Fund--Federal Appropriation $3,140,000
State Health Care Authority Administrative Account--
State Appropriation $29,394,000
Medical Aid Account--State Appropriation $171,000
Health Services Account--State Appropriation $456,207,000
TOTAL APPROPRIATION $488,912,000

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

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

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

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

(4) $19,108,000 of the health services account--state appropriation is provided solely for funding for health care services provided through local community clinics.

(5) $391,000 of the health services account appropriation is provided solely for implementation of Substitute Senate Bill No. 5471, chapter 129, Laws of 2005 (drug purchasing consortium).

(6) The health care authority shall conduct a health technology assessment pilot project to evaluate scientific evidence regarding current and evolving health care procedures, services and technology. The pilot shall be a joint effort of the departments of social and health services, labor and industries, corrections, and veteran's affairs and the health care authority. Upon completion of assessment of a procedure, service or technology, the agencies shall make every effort, consistent with federal and state law, to jointly decide: (a) On coverage of the procedure, service or technology by each agency, and (b) if covered, the guidelines or criteria that will be applied to medical necessity decisions.

(7) The departments of social and health services, labor and industries and the health care authority, in collaboration with affected health care providers, facilities, and contracted health plans, shall design and implement a joint health purchasing project that links payment to health care provider or facility performance, particularly where such performance is expected to improve patient outcomes or where there are wide variations in clinical practice used to treat a condition or illness. The purchasing effort shall utilize evidence-based performance measures that are designed to improve quality of care and yield measurable and significant savings. The project shall include payment mechanisms that create incentives to improve quality of care. On or before December 1, 2006, the agencies shall report to relevant policy and fiscal committees of the legislature on the status of the purchasing project, including actual and anticipated savings.

(8) $395,000 of the health services account appropriation is provided solely for implementation of Substitute House Bill No. 1689 (dental residency program). If Substitute House Bill No. 1689 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(9) $250,000 of the health services account appropriation is provided solely for implementation of Engrossed Second Substitute House Bill No. 1688 (certificate of need program). If Engrossed Second

Substitute House Bill No. 1688 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(10) $316,000 of the health services account--state appropriation and $15,000 of the general fund--federal appropriation are provided solely for a study of electronic medical records systems pursuant to Substitute Senate Bill No. 5064 (electronic medical records). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(11) The health care authority shall study alternatives for the provision of a high deductible health plan and health savings accounts for enrollees in the basic health and public employees' benefits board plans that conform to section 223, Part VII of subchapter B of chapter 1 of the internal revenue code of 1986. The board shall submit a report to the legislature by December 1, 2005, on options for implementation of pilot programs for the basic health and public employees' benefits board plans and a full scale offering. The board's report shall include estimates of the fiscal impact of each option.

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

General Fund--State Appropriation (FY 2006) $2,596,000
General Fund--State Appropriation (FY 2007) $2,634,000
General Fund--Federal Appropriation $1,741,000
TOTAL APPROPRIATION $6,971,000

The appropriations in this section are subject to the following conditions and limitations: The commission shall submit a report by December 1st of each year to the office of financial management and the legislative fiscal committees detailing any changes in existing federal revenues for the remainder of the current fiscal year and changes in projections of federal revenue for the upcoming fiscal year.

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 $16,399,000
Medical Aid Account--State Appropriation $16,398,000
TOTAL APPROPRIATION $32,817,000

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

Public Safety and Education Account--State
Appropriation $19,003,000
Death Investigations Account--State Appropriation $148,000
Municipal Criminal Justice Assistance Account--
Private/Local Appropriation $460,000
TOTAL APPROPRIATION $19,611,000

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

(1) During the 2005-2007 biennium, the criminal justice training commission is authorized to raise existing fees charged for firearms certification for security guards in excess of the fiscal growth factor established pursuant to RCW 43.135.055, if necessary, to meet the actual costs of conducting the certification programs and the appropriation levels in this section.

(2) $100,000 of the public safety and education account--state appropriation is provided solely for support of the coalition of small police agencies major crimes task force. The purpose of this task force is to pool its resources and to establish an efficient and cooperative approach in addressing major violent crimes.

(3) Amounts provided within this section are sufficient to implement the provisions of section 2 of House Bill No. 1136 (electronic monitoring system).

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

General Fund--State Appropriation (FY 2006) $7,554,000
General Fund--State Appropriation (FY 2007) $7,648,000
Public Safety and Education Account--State
Appropriation $27,277,000
Public Safety and Education Account--Federal
Appropriation $10,000,000
Asbestos Account--State Appropriation $808,000
Electrical License Account--State Appropriation $34,743,000
Farm Labor Revolving Account--Private/Local
Appropriation $28,000
Worker and Community Right-to-Know Account--State

Appropriation $1,836,000
Public Works Administration Account--State
Appropriation $2,664,000
Accident Account--State Appropriation $206,490,000
Accident Account--Federal Appropriation $13,621,000
Medical Aid Account--State Appropriation $205,011,000
Medical Aid Account--Federal Appropriation $3,185,000
Plumbing Certificate Account--State Appropriation $1,657,000
Pressure Systems Safety Account--State Appropriation . . . $3,324,000
TOTAL APPROPRIATION $525,846,000

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

(1) $700,000 of the accident account--state appropriation and $699,000 of the medical aid account--state appropriation are provided solely for the construction of a computer system to collect data from self-insured employers and are contingent on the passage of Substitute House Bill No. 1310 (workers compensation reporting) on mandatory electronic data reporting by self-insured employers. If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(2) $27,227,000 of the public safety and education account--state appropriation, and $10,000,000 of the public safety and education account--federal appropriation are provided solely for the crime victims' compensation program, subject to the following conditions:

(a) Reimbursement shall be provided throughout the 2005-2007 biennium for full reimbursement of sexual assault forensic exams at workers' compensation rates; and

(b) In accordance with RCW 7.68.015, it is the policy of the state that the department of labor and industries operate the crime victims' compensation program within the amounts provided for this program in this subsection.

(3) $200,000 of the accident account--state appropriation is provided solely to reimburse the department of agriculture for the agricultural worker pesticide handling and application training program.

(4) $71,000 of the medical aid account--state appropriation and $71,000 of the accident account--state appropriation are provided

solely for the review of payment of medical bills and authorization for medical procedures by self-insurers.

(5) The department is required to participate in the health technology assessment program required in section 213(6) of this act.

(6) The department is also required to participate in the joint health purchasing project described in section 213(7) of this act.

(7) $35,000 of the general fund--state appropriation for fiscal year 2006 and $8,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Substitute House Bill No. 1393 (older mobile homes). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(8) $182,000 of the accident account--state appropriation and $623,000 of the medical aid account--state appropriation are provided solely to expand the Spokane center of occupational health and education to include Yakima county. The Spokane center of occupational health will recruit and train approximately one hundred sixty physicians in Yakima county on best practices for occupational medicine and work with labor and business to improve quality and outcomes of medical care provided to injured workers.

(9) $158,000 of the accident account--state appropriation and $158,000 of the medical aid account--state appropriation are provided solely to implement Substitute House Bill No. 1856 (annual audits of the state industrial insurance fund). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(10) The department shall delay the costs associated with implementation of phase II of its indirect cost allocation plan for the public works administration account until July 1, 2007.

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

General Fund--State Appropriation (FY 2006) $1,092,000
General Fund--State Appropriation (FY 2007) $1,096,000
TOTAL APPROPRIATION $2,188,000

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

(1) HEADQUARTERS

General Fund--State Appropriation (FY 2006) $1,918,000

General Fund--State Appropriation (FY 2007) $1,880,000
Charitable, Educational, Penal, and Reformatory
Institutions Account--State Appropriation $10,000
TOTAL APPROPRIATION $3,808,000

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

(a) The department shall participate in the health technology assessment program required in section 213(6) of this act.

(b) The department shall participate in the joint health purchasing project described in section 213(7) of this act.

(c) $25,000 of the general fund--state appropriation for fiscal year 2006 is provided for the department to conduct a feasibility study of a veterans' cemetery in eastern Washington. The study shall include location, acquisition costs, projection of continued operations costs, and revenue sources for acquisition and operations. A final report of the findings shall be submitted no later than December 15, 2005.

(d) $70,000 of the general fund--state appropriation for fiscal year 2006 and $70,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Senate Bill No. 5539 (veterans conservation corps). If Senate Bill No. 5539 is not enacted by June 30, 2005, these amounts shall lapse.

(2) FIELD SERVICES
General Fund--State Appropriation (FY 2006) $2,811,000
General Fund--State Appropriation (FY 2007) $2,809,000
General Fund--Federal Appropriation $343,000
General Fund--Private/Local Appropriation $2,016,000
TOTAL APPROPRIATION $7,979,000

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

(a) $25,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the development of a public service announcement outreach campaign directed at returning veterans from Operation Iraqi Freedom and Operation Enduring Freedom.

(b) $75,000 of the general fund--state appropriation for fiscal year 2006 and $95,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the post traumatic stress

counseling program expansion to address the needs of veterans returning from Iraq and Afghanistan.

(3) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2006) $8,259,000
General Fund--State Appropriation (FY 2007) $8,238,000
General Fund--Federal Appropriation $31,436,000
General Fund--Private/Local Appropriation $26,338,000
TOTAL APPROPRIATION $74,271,000

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

General Fund--State Appropriation (FY 2006) $919,000
General Fund--State Appropriation (FY 2007) $1,093,000
General Fund--Federal Appropriation $1,034,000
TOTAL APPROPRIATION $3,046,000

The appropriations in this section are subject to the following conditions and limitations: The legislature encourages the home care quality authority to move forward with implementation of a statewide referral registry system by use of any existing and future agency administrative moneys and by seeking other means of funding, including grants and additional funding resources.

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

General Fund--State Appropriation (FY 2006) $64,090,000
General Fund--State Appropriation (FY 2007) $64,485,000
General Fund--Federal Appropriation $455,467,000
General Fund--Private/Local Appropriation $101,479,000
Hospital Commission Account--State Appropriation $2,615,000
Health Professions Account--State Appropriation $51,659,000
Aquatic Lands Enhancement Account--State
Appropriation $600,000
Emergency Medical Services and Trauma Care Systems
Trust Account--State Appropriation $12,578,000
Safe Drinking Water Account--State Appropriation $2,907,000
Drinking Water Assistance Account--Federal
Appropriation $16,158,000
Waterworks Operator Certification--State Appropriation . . $1,098,000
Drinking Water Assistance Administrative Account--
State Appropriation $326,000

Water Quality Account--State Appropriation $3,680,000
State Toxics Control Account--State Appropriation $2,843,000
Medical Test Site Licensure Account--State
Appropriation $1,790,000
Youth Tobacco Prevention Account--State Appropriation . . . $1,806,000
Public Health Supplemental Account--Private/Local
Appropriation $3,306,000
Accident Account--State Appropriation $275,000
Medical Aid Account--State Appropriation $46,000
Health Services Account--State Appropriation $38,101,000
Tobacco Prevention and Control Account--State
Appropriation $52,677,000
Patient Safety Account--State Appropriation $641,000
TOTAL APPROPRIATION $878,625,000

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

(1) The department or any successor agency is authorized to raise existing fees charged for the clandestine drug lab program, the drinking water program, radioactive materials license fees, X-ray facility registration fees, shellfish commercial paralytic shellfish poisoning fees, the water recreation program, the wastewater management program, newborn specialty clinic fees, acute care hospitals, psychiatric hospitals, child birth centers, correctional medical facilities, alcoholism hospitals, and the midwifery program, in excess of the fiscal growth factor pursuant to RCW 43.135.055, if necessary, to meet the actual costs of conducting business and the appropriation levels in this section. However, the department may not raise existing fees charged for the midwifery program by more than twenty percent over the biennium.

(2) $1,363,000 of the general fund--state fiscal year 2006 appropriation, $1,363,000 of the general fund--state fiscal year 2007 appropriation, and $676,000 of the general fund--local appropriation are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action items, DOH-01, DOH-02, DOH-03, and DOH-04.

(3) The department of health shall not initiate any services that will 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 that provides appropriation authority, and an equal amount of appropriated state 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.

(4) $383,000 of the general fund--state appropriation for fiscal year 2006, $317,000 of the general fund--state appropriation for fiscal year 2007, and $600,000 of the aquatic lands enhancement account appropriation are provided solely to assist counties in marine areas complete on-site sewage system management plans and electronic data bases to inventory on-site sewage systems.

(5) $60,000 of the health professions account appropriation is provided solely for implementation of Engrossed Substitute Senate Bill No. 5470 (prescription importation). If Engrossed Substitute Senate Bill No. 5470 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(6) $268,000 of the health professions account appropriation is provided solely for implementation of Engrossed Substitute House Bill No. 2266 (precursor drugs). If Engrossed Substitute House Bill No. 2266 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(7) $42,000 of the health professions account appropriation is provided solely for implementation of Second Substitute House Bill No. 1168 (prescription reimportation). If Second Substitute House Bill No. 1168 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(8) $82,000 of the general fund--state appropriation for fiscal year 2006, $52,000 of the general fund--state appropriation for fiscal year 2007, and $641,000 of the patient safety account appropriation are provided solely for implementation of Engrossed Second Substitute House

Bill No. 1291 (patient safety practices). If Engrossed Second Substitute House Bill No. 1291 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(9) $100,000 of the general fund--state appropriation for fiscal year 2006 and $200,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the department to implement a multi-year pilot project covering Adams, Chelan, Douglas, Grant and Franklin counties for persons with household income at or below 200 percent of the federal poverty level who are ineligible for family planning services through the medicaid program. Individuals who will be served under the pilot program include women who have never been pregnant, are not currently pregnant, or are beyond the family planning extension period allowed for first steps program eligibility. It is anticipated that the pilot program will serve approximately 500 women. The department will provide a preliminary report to the appropriate committees of the legislature by January 1, 2006, and a final report by January 1, 2007.

(10) $462,000 of the general fund--private/local appropriation is provided solely to support specialty clinics that provide treatment services to children that are identified with one of the five heritable or metabolic disorders added to the newborn screening panel by the state board of health in 2003.

(11) $125,000 of the general fund--state appropriation for fiscal year 2006 and $125,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the farmers' market nutrition program of the special supplemental nutrition program for women, infants and children. It is anticipated that these funds will enable the department to expand 2004 participation levels by 8,000 persons annually.

(12) $100,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the infertility prevention project to implement effective prevention strategies designed to reduce the prevalence of chlamydia and gonorrhea and their potentially debilitating complications.

(13) With funds appropriated in this section, the medical advisory committee to the early detection breast and cervical cancer screening program shall study and recommend strategies for adopting emerging

technologies and best practices from the national, state, and local levels in the field of early prevention and detection for breast and cervical cancer, and assist the early detection breast and cervical cancer screening program in implementing policy that follows the best practices of high quality health care for clinical, diagnostic, preventative, pathologic, radiological, and oncology services. The committee will report its recommendations to the legislature by December 15, 2006.

(14) $25,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to develop and implement best practices in preventative health care for children. The department and the kids get care program of public health - Seattle and King county will work in collaboration with local health care agencies to disseminate strategic interventions that are focused on evidence-based best practices for improving health outcomes in children and saving health-care costs.

(15) $48,000 of the health professions account appropriation is provided solely for implementation of Substitute House Bill No. 1075 (nursing quality commission). If Substitute House Bill No. 1075 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(16) $74,000 of the health professions account appropriation is provided solely for implementation of Substitute House Bill No. 1137 (physical therapy). If Substitute House Bill No. 1137 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(17) $109,000 of the health professions account appropriation is provided solely for implementation of House Bill No. 1546 (naturopathic physicians). If House Bill No. 1546 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(18) $80,000 of the health professions account appropriation is provided solely for implementation of Substitute House Bill No. 1689 (dental health services). If Substitute House Bill No. 1689 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(19) $42,000 of the general fund--state appropriation for fiscal year 2006 and $24,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Engrossed Second Substitute House Bill No. 1605 (soil contamination). If

Engrossed Second Substitute House Bill No. 1605 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(20) $40,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for implementation of Substitute House Bill No. 1951 (vision exams for children). If Substitute House Bill No. 1951 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(21) $43,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for implementation of Engrossed Senate Bill No. 5049 (mold in residential units). If Engrossed Senate Bill No. 5049 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(22) $26,000 of the general fund--state appropriation for fiscal year 2006 and $12,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Senate Bill No. 5311 (autism task force). If Senate Bill No. 5311 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(23) $168,000 of the health services account appropriation is provided solely for a two-year pilot project under which parents have the option to choose vaccines which do not contain mercury.

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

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund--State Appropriation (FY 2006) $52,282,000
General Fund--State Appropriation (FY 2007) $41,838,000
General Fund--Federal Appropriation $1,022,000
Violence Reduction and Drug Enforcement Account--
State Appropriation $26,000
Public Safety and Education Account--State
Appropriation $2,768,000
Industrial Insurance Account--State Appropriation $1,000
TOTAL APPROPRIATION $97,937,000

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

(a) $11,250,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for phase three of the department's offender-based tracking system replacement project. This amount is

conditioned on the department satisfying the requirements of section 902 of this act.

(b) $26,000 of the general fund--state appropriation for fiscal year 2006 and $44,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Substitute House Bill No. 1402 (offender travel or transfer). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(2) CORRECTIONAL OPERATIONS

General Fund--State Appropriation (FY 2006) $516,992,000
General Fund--State Appropriation (FY 2007) $545,816,000
General Fund--Federal Appropriation $4,424,000
Violence Reduction and Drug Enforcement Account--
State Appropriation $2,984,000
TOTAL APPROPRIATION $1,070,216,000

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

(a) For the acquisition of properties and facilities, the department of corrections is authorized to enter into financial contracts, paid for from operating resources, for the purposes indicated and in not more than the principal amounts indicated, plus financing expenses and required reserves pursuant to chapter 39.94 RCW. This authority applies to the following: Lease-develop with the option to purchase or lease-purchase work release beds in facilities throughout the state for $8,561,000.

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

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

(d) The department shall accomplish personnel reductions with the least possible impact on correctional custody staff, community custody staff, and correctional industries. For the purposes of this

subsection, correctional custody staff means employees responsible for the direct supervision of offenders.

(e) During the 2005-07 biennium, when contracts are established or renewed for offender pay phone and other telephone services provided to inmates, the department shall select the contractor or contractors primarily based on the following factors: (i) The lowest rate charged to both the inmate and the person paying for the telephone call; and (ii) the lowest commission rates paid to the department, while providing reasonable compensation to cover the costs of the department to provide the telephone services to inmates and provide sufficient revenues for the activities funded from the institutional welfare betterment account.

(f) The department shall participation in the health technology assessment program required in section 213(6) of this act. The department shall also participate in the joint health purchasing project described in section 213(7) of this act.

(g) The Harborview medical center shall provide inpatient and outpatient hospital services to offenders confined in department of corrections facilities at a rate no greater than the average rate that the department has negotiated with other community hospitals in Washington state.

(3) COMMUNITY SUPERVISION

General Fund--State Appropriation (FY 2006) $82,210,000
General Fund--State Appropriation (FY 2007) $81,646,000
Public Safety and Education Account--State
Appropriation $16,736,000
TOTAL APPROPRIATION $180,592,000

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

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

(b) $268,000 of the general fund--state appropriation for fiscal year 2006 and $484,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of

Substitute House Bill No. 1402 (offender travel or transfer). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(c) $122,000 of the general fund--state appropriation for fiscal year 2006 and $82,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of House Bill No. 1136 (electronic monitoring system). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(4) CORRECTIONAL INDUSTRIES

General Fund--State Appropriation (FY 2006) $838,000
General Fund--State Appropriation (FY 2007) $882,000
TOTAL APPROPRIATION $1,720,000

The appropriations in this subsection are subject to the following conditions and limitations: $110,000 of the general fund--state appropriation for fiscal year 2006 and $110,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for transfer to the jail industries board. The board shall use the amounts provided only for administrative expenses, equipment purchases, and technical assistance associated with advising cities and counties in developing, promoting, and implementing consistent, safe, and efficient offender work programs.

(5) INTERAGENCY PAYMENTS

General Fund--State Appropriation (FY 2006) $33,839,000
General Fund--State Appropriation (FY 2007) $33,838,000
TOTAL APPROPRIATION $67,677,000

NEW SECTION. **Sec. 223. FOR THE DEPARTMENT OF SERVICES FOR THE BLIND**

General Fund--State Appropriation (FY 2006) $1,887,000
General Fund--State Appropriation (FY 2007) $1,939,000
General Fund--Federal Appropriation $15,326,000
General Fund--Private/Local Appropriation $80,000
TOTAL APPROPRIATION $19,232,000

NEW SECTION. **Sec. 224. FOR THE SENTENCING GUIDELINES COMMISSION**

General Fund--State Appropriation (FY 2006) $864,000

General Fund--State Appropriation (FY 2007) $861,000
TOTAL APPROPRIATION $1,725,000

NEW SECTION. **Sec. 225. FOR THE EMPLOYMENT SECURITY DEPARTMENT**

General Fund--State Appropriation (FY 2006) $60,000
General Fund--State Appropriation (FY 2007) $60,000
General Fund--Federal Appropriation $259,865,000
General Fund--Private/Local Appropriation $31,857,000
Unemployment Compensation Administration Account--
Federal Appropriation $199,217,000
Administrative Contingency Account--State
Appropriation $14,946,000
Employment Service Administrative Account--State
Appropriation $24,411,000
TOTAL APPROPRIATION $530,416,000

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

(1) $2,087,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the Social Security Act (Reed Act). This amount is provided to replace obsolete information technology infrastructure.

(2) $12,735,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the Social Security Act (Reed Act). This amount is authorized for state choice administrative functions. The department shall submit recommendations by September 1, 2007, to the office of financial management and the legislative fiscal committees for options reducing the costs of the state choice administrative functions for the 2007-2009 biennium. If these options require any statutory changes, the department shall submit agency request legislation to the appropriate legislative policy committees and fiscal committees by December 15, 2007.

(3) $2,300,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the Social Security Act (Reed Act). This amount is authorized to continue implementation of chapter 4, Laws

of 2003 2nd sp. sess. and for implementation costs relating to Engrossed House Bill No. 2255 (unemployment insurance).

(4) $4,578,000 of the unemployment compensation administration account--federal appropriation is provided from funds made available to the state by section 903(d) of the Social Security Act (Reed Act). These funds are authorized to provide direct services to unemployment insurance claimants and providing job search review.

(End of part)

PART III
NATURAL RESOURCES

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

General Fund--State Appropriation (FY 2006) $471,000
General Fund--State Appropriation (FY 2007) $478,000
General Fund--Private/Local Appropriation $859,000
TOTAL APPROPRIATION $1,808,000

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

General Fund--State Appropriation (FY 2006) $40,648,000
General Fund--State Appropriation (FY 2007) $40,344,000
General Fund--Federal Appropriation $73,911,000
General Fund--Private/Local Appropriation $13,287,000
Special Grass Seed Burning Research
Account--State Appropriation $14,000
Reclamation Account--State Appropriation $2,646,000
Flood Control Assistance Account--State
Appropriation $3,084,000
State Emergency Water Projects Revolving
Account--State Appropriation $1,456,000
Waste Reduction/Recycling/Litter Control--State
Appropriation $15,067,000
State Drought Preparedness Account--State
Appropriation $221,000
State and Local Improvements Revolving
Account (Water Supply Facilities)--State
Appropriation $384,000
Vessel Response Account--State Appropriation $2,876,000
Site Closure Account--State Appropriation $655,000
Water Quality Account--State Appropriation $28,021,000
Wood Stove Education and Enforcement
Account--State Appropriation $357,000
Worker and Community Right-to-Know
Account--State Appropriation $2,142,000
State Toxics Control Account--State Appropriation $78,169,000

State Toxics Control Account--Private/Local
Appropriation $379,000
Local Toxics Control Account--State Appropriation $5,258,000
Water Quality Permit Account--State Appropriation $31,909,000
Underground Storage Tank Account--State Appropriation . . . $2,883,000
Environmental Excellence Account--State Appropriation $504,000
Biosolids Permit Account--State Appropriation $851,000
Hazardous Waste Assistance Account--State
Appropriation $5,153,000
Air Pollution Control Account--State Appropriation $11,199,000
Oil Spill Prevention Account--State Appropriation $10,219,000
Air Operating Permit Account--State Appropriation $2,679,000
Freshwater Aquatic Weeds Account--State
Appropriation $2,534,000
Oil Spill Response Account--State Appropriation $7,079,000
Metals Mining Account--State Appropriation $14,000
Water Pollution Control Revolving Account--State
Appropriation $413,000
Water Pollution Control Revolving Account--Federal
Appropriation $1,995,000
Freshwater Aquatic Algae Control Account--State
Appropriation $509,000
TOTAL APPROPRIATION $386,860,000

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

(1) $2,526,196 of the general fund--state appropriation for fiscal year 2006, $2,526,195 of the general fund--state appropriation for fiscal year 2007, $366,000 of the general fund--federal appropriation, $2,581,000 of the state toxics account--state appropriation, $540,806 of the water quality account--state appropriation, $3,748,220 of the water quality permit account--state appropriation, and $705,000 of the oil spill prevention account are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action items DOE-01, DOE-02, DOE-04, DOE-06, DOE-07, DOE-08, and DOE-09.

(2) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.

(3) $4,054,000 of the state toxics control account appropriation is provided solely for methamphetamine lab clean-up activities.

(4) $170,000 of the oil spill prevention account appropriation is provided solely for implementation of the Puget Sound conservation and recovery plan action item UW-02 through a contract with the University of Washington's sea grant program to continue an educational program targeted to small spills from commercial fishing vessels, ferries, cruise ships, ports, and marinas.

(5) $2,500,000 of the general fund--state appropriation for fiscal year 2006 and $2,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for shoreline grants to local governments to implement Substitute Senate Bill No. 6012 (shoreline management), chapter 262, Laws of 2003.

(6) $156,000 of the general fund--state appropriation for fiscal year 2006 and $144,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to expand the department's pilot program for processing 401 water quality certification projects to a statewide process and timeline to meet improved permit processing accountability and timelines, which will result in 90 percent of routine certifications occurring within 90 days of application, and acknowledgement of receipt of the application being sent within 10 days.

(7) Fees approved by the department of ecology in the 2005-07 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(8) $100,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to support water measurement and water storage components of the Columbia River Initiative Program.

(9) $661,000 of the reclamation account--state appropriation is provided solely to implement Senate Bill No. 5831 (well construction fees). If the bill is enacted by June 30, 2005, $150,000 from the general fund--state appropriation for fiscal year 2006 and $150,000 from the general fund--state appropriation for fiscal year 2007 provided in this section shall lapse. If the bill is not enacted by June 30, 2005, the amount provided from the reclamation account in this subsection shall lapse.

(10) $509,000 of the freshwater aquatic algae control account--state is provided solely for implementation of Engrossed Substitute Senate Bill No. 5699 (aquatic invasive species). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(11) $250,000 of the state toxics control account--state appropriation is provided solely to implement Engrossed Second Substitute House Bill No. 1605 (soil contamination). If the bill is not enacted by June 30, 2005, the amount in this subsection shall lapse.

(12) $200,000 of the water quality account--state appropriation is provided solely for the department to contract with the state conservation commission to provide statewide coordination and support for coordinated resource management.

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

General Fund--State Appropriation (FY 2006) $34,527,000
General Fund--State Appropriation (FY 2007) $34,669,000
General Fund--Federal Appropriation $2,738,000
General Fund--Private/Local Appropriation $71,000
Winter Recreation Program Account--State
Appropriation $1,110,000
Off Road Vehicle Account--State Appropriation $225,000
Snowmobile Account--State Appropriation $4,805,000
Aquatic Lands Enhancement Account--State
Appropriation $345,000
Parks Renewal and Stewardship Account--State
Appropriation $38,480,000
Public Safety and Education Account--State
Appropriation $47,000
Parks Renewal and Stewardship Account--Private/Local
Appropriation $300,000
TOTAL APPROPRIATION $117,317,000

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

(1) Fees approved by the state parks and recreation commission in

the 2005-07 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(2) $79,000 of the general fund--state appropriation for fiscal year 2006 and $79,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a grant for the operation of the Northwest avalanche center.

(3) $191,000 of the aquatic lands enhancement account appropriation is provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action item PRC-02.

(4) $185,000 of the parks renewal and stewardship account--state appropriation is provided solely to develop a plan for public education and tourist orientation and interpretation at selected state park sites along the route of the ice age floods from Spokane to the Pacific ocean.

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

General Fund--State Appropriation (FY 2006) $1,401,000
General Fund--State Appropriation (FY 2007) $1,414,000
General Fund--Federal Appropriation $18,455,000
General Fund--Private/Local Appropriation $250,000
Aquatic Lands Enhancement Account--State Appropriation . . . $254,000
Water Quality Account--State Appropriation $200,000
Firearms Range Account--State Appropriation $24,000
Recreation Resources Account--State Appropriation $3,176,000
NOVA Program Account--State Appropriation $809,000
TOTAL APPROPRIATION $25,983,000

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

(1) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.

(2) $16,025,000 of the general fund--federal appropriation is provided solely for implementation of the forest and fish agreement rules. These funds will be passed through to the department of natural resources and the department of fish and wildlife.

(3) During the 2005-07 fiscal biennium, any county that purchased land before 1978 for off-road vehicle sports park recreation pursuant

to 1972 ex.s. c 153 and 1975 1st ex.s. c 34 may discharge its contractual obligations for state-funded capital improvements on those lands if by no later than June 30, 2007:

(a) It sells on the open market, at the highest price achievable, all such lands and related facilities and equipment. After deducting reasonable expenses for the cost of sale, all remaining funds will be deposited within thirty days of closing to the nonhighway and off-road vehicle activities program account in the office of the state treasurer. Any funds derived from such sale shall be expended in accordance with RCW 46.09.170(2)(d)(ii)(A) in the same manner as funds the committee receives from RCW 46.09.110 and shall be used for off-road vehicle recreation facilities in areas west of the crest of the Cascade Mountains with preference for developing a new off-road vehicle sports park; or

(b) With the consent of the interagency committee, it gives all such lands and related facilities and equipment to a state or local agency. The state or local agency must agree to make the lands available for purposes related to motorized off-road vehicle recreation. The agency will not be responsible for contractual obligations for previous state-funded capital improvements on those lands. The interagency committee may award a one time noncompetitive grant to the agency for renovation and other capital improvements and for initial operating costs. If a transfer of property under this subsection (b) is not approved prior to June 30, 2006, then the property shall be sold according to (a) of this subsection.

(4) $125,000 of the general fund--state appropriation for fiscal year 2006 and $125,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the biodiversity strategy.

(5) $20,000 of the general fund--state appropriation for fiscal year 2006 and $20,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for coordination of federal, state, tribal, local, and private aquatic monitoring efforts. The department shall provide a memorandum to the office of financial management and legislative fiscal committees in January of every year which specifies performance measures to reduce redundancy, increase efficiency, and help meet the goals and objectives of the various entities involved in monitoring and if these performance measures were met.

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

General Fund--State Appropriation (FY 2006) $1,057,000
General Fund--State Appropriation (FY 2007) $1,064,000
TOTAL APPROPRIATION $2,121,000

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

General Fund--State Appropriation (FY 2006) $2,235,000
General Fund--State Appropriation (FY 2007) $2,253,000
Water Quality Account--State Appropriation $4,175,000
TOTAL APPROPRIATION $8,663,000

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

(1) $197,000 of the general fund--state appropriation for fiscal year 2006 and $197,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action item CC-01.

(2) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.

(3) $100,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement Substitute House Bill No. 1462 (relating to funding for conservation districts). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

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

General Fund--State Appropriation (FY 2006) $45,751,000
General Fund--State Appropriation (FY 2007) $44,545,000
General Fund--Federal Appropriation $42,261,000
General Fund--Private/Local Appropriation $36,025,000
Off Road Vehicle Account--State Appropriation $392,000
Aquatic Lands Enhancement Account--State
Appropriation $5,813,000
Recreational Fisheries Enhancement--State
Appropriation $3,547,000
Warm Water Game Fish Account--State Appropriation $2,898,000

Eastern Washington Pheasant Enhancement
Account--State Appropriation $750,000
Wildlife Account--State Appropriation $62,776,000
Wildlife Account--Federal Appropriation $30,966,000
Wildlife Account--Private/Local Appropriation $10,379,000
Game Special Wildlife Account--State Appropriation $2,147,000
Game Special Wildlife Account--Federal Appropriation . . . $8,858,000
Game Special Wildlife Account--Private/Local
Appropriation $468,000
Public Safety and Education Account--State
Appropriation $588,000
Environmental Excellence Account--State Appropriation $15,000
Regional Fisheries Salmonid Recovery
Account--Federal Appropriation $1,755,000
Oil Spill Prevention Account--State Appropriation $1,040,000
Recreation Resources Account--State Appropriation $36,000
Oyster Reserve Land Account--State Appropriation $411,000
Freshwater Aquatic Algae Control Account--State
Appropriation $750,000
TOTAL APPROPRIATION $302,171,000

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

(1) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.

(2) $1,556,714 of the general fund--state appropriation for fiscal year 2006 and $1,556,713 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action items DFW-01 through DFW-06, DFW-08 through DFW-12, and DFW-16.

(3) $225,000 of the general fund--state appropriation for fiscal year 2006 and $225,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of hatchery reform recommendations defined by the hatchery scientific review group.

(4) The department shall support the activities of the aquatic nuisance species coordination committee to foster state, federal, tribal, and private cooperation on aquatic nuisance species issues.

The committee shall strive to prevent the introduction of nonnative aquatic species and to minimize the spread of species that are introduced.

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

(6) $180,000 of the wildlife account--state appropriation is provided solely to test deer and elk for chronic wasting disease and to document the extent of swan lead poisoning. Of this amount, $65,000 is provided solely to document the extent of swan lead poisoning and to begin environmental cleanup.

(7) The department shall provide quarterly status reports to the office of financial management regarding the replacement of the Washington interactive licensing system and the implementation of the hydraulic permit management system.

(8) The department shall prepare a report detailing the hydraulic permit approval program applications and project types. The department shall coordinate with the office of financial management in determining the contents of the report. At minimum, the report shall include permits by applicant (name, state, local, federal, tribal entity, etc.), project type (pamphlet, minor, medium, major, extension, revision, etc.) and project location (county and water resource inventory area). The department shall submit the report to the office of financial management and legislative fiscal committees no later than September 1, 2006.

(9) $1,900,000 of the state wildlife account--state is provided solely to implement Senate Bill No. 5234 (expanding hunter access to private lands). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(10) $72,000 of the state wildlife account--state appropriation is provided solely to implement House Bill No. 1211 (multiple season big game permit). If the bill is not enacted by June 30, 2005, the amount provided in this section shall lapse.

(11) $75,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for a grant to the grizzly bear outreach

project to disseminate accurate information about grizzly bears and the grizzly bear recovery process in the north Cascades mountains.

(12) $750,000 of the freshwater aquatic algae control account--state appropriation is provided solely to implement Senate Bill No. 5699 (preventing and controlling aquatic invasive species and algae). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(13) $703,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to purchase six purse seine and three gill net licenses to meet the provisions of the United States/Canada salmon treaty.

(14) $50,000 of the wildlife account--state appropriation is provided solely for reimbursements for damage to commercial livestock caused by cougars.

(15) $10,000 of the general fund--state appropriation for fiscal year 2006 and $10,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for chum salmon production at Minter creek hatchery.

(16) $45,000 of the general fund--federal appropriation for fiscal year 2006 and $45,000 of the general fund--federal appropriation for fiscal year 2007 are provided solely for the management of Canada goose seasons to increase the number of hunting days in southwest Washington.

(17) $46,000 of the wildlife account--state appropriation is provided solely to increase the number of courses providing the hunter education training program created in RCW 77.32.155. The department shall reduce the current backlog of applicants waiting to take the training program and provide for a stable supply of training program courses in order to avoid future backlogs.

(18) $481,000 of the wildlife account--state appropriation is provided solely to continued operation of the Naselle Hatchery during the 2005-07 biennium. This will increase production by 3 million Chinook, 1 million Coho, and 30,000 trout.

(19) $120,000 of the wildlife account--state appropriation is provided solely to implement Senate Bill No. 5232 (turkey tags). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(20) $223,000 of the wildlife account--state appropriation is

provided solely to implement Senate Bill No. 5227 (wildlife harvest reports). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(21) $4,000 of the wildlife account--state appropriation is provided solely to implement House Bill No. 1210 (temporary fishing license). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

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

General Fund--State Appropriation (FY 2006) $49,220,000
General Fund--State Appropriation (FY 2007) $43,757,000
General Fund--Federal Appropriation $15,202,000
General Fund--Private/Local Appropriation $1,275,000
Forest Development Account--State Appropriation $54,441,000
Off-Road Vehicle Account--State Appropriation $3,986,000
Surveys and Maps Account--State Appropriation $2,436,000
Aquatic Lands Enhancement Account--State
Appropriation $8,344,000
Resources Management Cost Account--State
Appropriation $85,941,000
Surface Mining Reclamation Account--State
Appropriation $1,841,000
Disaster Response Account--State
Appropriation $5,000,000
Water Quality Account--State Appropriation $2,630,000
Aquatic Land Dredged Material Disposal Site
Account--State Appropriation $652,000
Natural Resources Conservation Areas Stewardship
Account--State Appropriation $34,000
State Toxics Control Account--State Appropriation $2,155,000
Air Pollution Control Account--State Appropriation $555,000
Derelict Vessel Removal Account--State Appropriation . . . $1,137,000
Agricultural College Trust Management
Account--State Appropriation $1,962,000
TOTAL APPROPRIATION $280,568,000

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

(1) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.

(2) $18,000 of the general fund--state appropriation for fiscal year 2006, $18,000 of the general fund--state appropriation for fiscal year 2007, and $1,652,050 of the aquatic lands enhancement account appropriation are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action items DNR-01 and DNR-02.

(3) $138,000 of the resource management cost account--state appropriation is provided solely to implement Engrossed Second Substitute House Bill No. 1896 (geoduck harvest). If the bill is not enacted by June 30, 2005, the amount in the subsection shall lapse.

(4) $953,000 of the general fund--state appropriation for fiscal year 2006 and $950,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for deposit into the agricultural college trust management account and are provided solely to manage approximately 70,700 acres of Washington State University's agricultural college trust lands.

(5) $10,635,000 of the general fund--state appropriation for fiscal year 2006, $13,635,000 of the general fund--state appropriation for fiscal year 2007, and $5,000,000 of the disaster response account--state appropriation are provided solely for emergency fire suppression. Of these amounts, up to $250,000 may be expended for staff and other necessary resources to design and implement a fire data-collection system that includes financial- and performance-management information for fires over 10 acres in size.

None of the general fund and disaster response account amounts provided in this subsection may be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations.

(6) $582,000 of the aquatic lands enhancement account appropriation is provided solely for spartina control.

(7) Fees approved by the board of natural resources in the 2005-07 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(8) $9,000,000 of the general fund--state appropriation for fiscal year 2006 and $2,000,000 of the aquatic lands enhancement account--state appropriation are provided solely for the purposes of settling those claims identified in the consent decree and settlement agreement in *U.S., et al. v. State of Washington, et al.* Subproceeding No. 89-3 (Shellfish), United States District Court for the Western District of Washington at Seattle, Case No. C70-9213. The expenditure of this appropriation is contingent on the release of those claims in this subproceeding. In the event that the federal government does not appropriate $22,000,000 for this purpose by June 30, 2006, the amounts provided in this subsection shall lapse.

(9) $2,155,000 of the state toxics account--state appropriation is provided solely for the department to meet its obligations with the U.S. environmental protection agency for the clean-up of Commencement Bay and other sites.

(10) The department shall not develop the Gull Harbor facility without first submitting a master plan to the appropriate committees of the legislature. The plan shall ensure continued public access to the waterfront. The plan shall also examine alternative locations to the Gull Harbor site that would colocate marine equipment for all state agencies needing water access in Thurston county. The report shall be submitted by December 1, 2006.

(11) $250,000 of the general fund--state appropriation for fiscal year 2006, $250,000 of the general fund--state appropriation for fiscal year 2007, and $500,000 of the resource management cost account--state appropriation are provided solely for a report on the future of Washington forests. The purpose of the report is to examine economic, recreational, and environmental trends influencing the forest products industry and secondary manufacturing sectors in Washington state. The department shall contract with the University of Washington college of forestry resources. The college shall consult with the University of Washington economics department for the section on investment returns from granted lands. The report shall contain the following parts:

(a) An update of the 1992 timber supply study for Washington state that was conducted by the University of Washington. The update may be accomplished by reviewing the most recent similar data available in existing reports, examining a sample of the original 1992 study sample

of lands, and through other existing data sources that may reveal relevant trends and changes since 1992.

(b) An independent assessment of the economic contribution of the forest products industry, and secondary manufacturing sectors, to the state. This assessment will also examine some of the macroeconomic trends likely to affect the industry in the future.

(c) A comparison of the competitive position of Washington's forest products industry globally, and with other leading forest products states, or regions, of the United States. This evaluation should compare the relative tax burden for growing and harvesting timber between the states or regions and the relative cost of adhering to regulations, and identify the competitive advantages of each state or region.

(d) An assessment of the trends and dynamics that commercial and residential development play in the conversion of the state's forests to nonforestry uses. The assessment will involve gathering relevant data, reviewing that data, and analyzing the relationship between development and the conversion of forest land uses.

(e) Recommendations on: (i) Policy changes that would enhance the competitive position of Washington's forest products industry in Washington state; (ii) policy changes that would, to the extent possible, ensure that a productive forest land base continues to be managed for forest products, recreation, and environmental and other public benefits into the future; and (iii) policy changes that would enhance the recreational opportunities on working forest lands in the state.

(f) Based on the information derived from (a) through (d) of this subsection, an assessment of the expected rate of return from state granted lands. This section of the reports shall also review reports prepared by the department over the past ten years that describe the investment returns from granted lands. The review of these previous reports shall compare and critique the methodology and indicators used to report investment returns. The review shall recommend appropriate measures of investment returns from granted lands.

(g) Analyze and recommend policies and programs to assist Cascade foothills area landowners and communities in developing and implementing innovative approaches to retaining traditional forestry while at the same time accommodating new uses that strengthen the

economic and natural benefits from forest lands. For the purposes of this section, the Cascade foothills area generally encompasses the nonurbanized lands within the Cascade mountain range and drainages lying between three hundred and three thousand feet above mean sea level, and located within Whatcom, Skagit, Snohomish, King, Pierce, Thurston, and Lewis counties.

(12) $4,000 of the general fund--state appropriation for fiscal year 2005 and $4,000 of the general fund--state appropriation for fiscal year 2006 are provided solely to compensate the forest board trust for a portion of the lease to the Crescent television improvement district consistent with RCW 79.13.520.

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

General Fund--State Appropriation (FY 2006) $11,000,000
General Fund--State Appropriation (FY 2007) $10,443,000
General Fund--Federal Appropriation $10,608,000
General Fund--Private/Local Appropriation $413,000
Aquatic Lands Enhancement Account--State
Appropriation $1,986,000
Water Quality Account--State Appropriation $968,000
State Toxics Control Account--State Appropriation $3,416,000
Water Quality Permit Account--State Appropriation $238,000
TOTAL APPROPRIATION $39,072,000

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

(1) $37,000 of the general fund--state appropriation for fiscal year 2006 and $37,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of the Puget Sound conservation and recovery plan and agency action item WSDA-01.

(2) Fees and assessments approved by the department in the 2005-07 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(3) Within funds appropriated in this section, the department, in addition to the authority provided in RCW 17.26.007, may enter into agreements with federal agencies to eradicate spartina from private lands that may provide a source of reinfestation to public lands.

(4) $36,000 of the general fund--state appropriation for fiscal

year 2006 and $37,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for an economic impact study of fairs in the state of Washington.

(5) $12,000 of the general fund--state appropriation for fiscal year 2006 and $13,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for indemnity payments for poultry that are ordered by the department to be slaughtered or destroyed.

(6) $250,000 of the general fund--state appropriation for fiscal year 2006 and $250,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for market promotion and trade barrier grants.

(7) $75,000 of the general fund--state appropriation for fiscal year 2006 and $75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the small farm and direct marketing program.

(8) $466,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to complete a database application that would consolidate program information and enable the department to more effectively respond to a food safety or animal disease emergency.

(9) $150,000 of the general fund--state appropriation for fiscal year 2006 and $150,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement the Washington wine brand campaign.

(10) The department shall consult with affected agricultural industries before fees for fruit and vegetable inspections may be raised. The consultation shall include a review of current inspection services, the cost of providing those services, and the discontinuation of unnecessary services.

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

Pollution Liability Insurance Program Trust
Account--State Appropriation $861,000

(End of part)

PART IV
TRANSPORTATION

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

General Fund--State Appropriation (FY 2006) $1,886,000
General Fund--State Appropriation (FY 2007) $1,787,000
Architects' License Account--State Appropriation $728,000
Cemetery Account--State Appropriation $224,000
Professional Engineers' Account--State Appropriation . . . $3,179,000
Real Estate Commission Account--State Appropriation $7,583,000
Master License Account--State Appropriation $11,593,000
Uniform Commercial Code Account--State Appropriation . . . $2,936,000
Real Estate Education Account--State Appropriation $275,000
Real Estate Appraiser Commission
Account--State Appropriation $1,345,000
Business and Professions Account--State Appropriation . . . $7,927,000
Real Estate Research Account--State Appropriation $301,000
Wildlife Account--State Appropriation $13,000
Funeral Directors and Embalmers
Account--State Appropriation $534,000
Geologists' Account--State Appropriation $34,000
Data Processing Revolving Account--State Appropriation $29,000
Derelict Vessel Removal Account--State Appropriation $31,000
TOTAL APPROPRIATION $40,405,000

(1) The appropriations in this section are subject to the following conditions and limitations: In accordance with RCW 43.24.086, it is the policy of the state of Washington that the cost of each professional, occupational, or business licensing program be fully borne by the members of that profession, occupation, or business. For each licensing program covered by RCW 43.24.086, the department shall set fees at levels sufficient to fully cover the cost of administering the licensing program, including any costs associated with policy enhancements funded in the 2005-07 fiscal biennium. Pursuant to RCW 43.135.055, during the 2005-07 fiscal biennium, the department may increase fees in excess of the fiscal growth factor if the increases are necessary to fully fund the costs of the licensing programs.

(2) $7,685,000 of the business and professions account--state appropriation is subject to enactment of Substitute House Bill No. 1394 (business and professions account). If the bill is not enacted by June 30, 2005, the appropriations out of this account shall be made from the general fund.

(3) $1,653,000 of the master license account--state appropriation is subject to enactment of House Bill No. 2131 (master licensing service). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(4) $34,000 of the general fund--state appropriation for fiscal year 2006 are subject to enactment of House Bill No. 1241 (vehicle licensing and registration). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(5) $180,000 of the real estate appraiser commission account--state appropriation is provided solely to implement Senate Bill No. 5274 (real estate appraisers). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

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

General Fund--State Appropriation (FY 2006) $36,089,000
General Fund--State Appropriation (FY 2007) $30,702,000
General Fund--Federal Appropriation $4,356,000
General Fund--Private/Local Appropriation $595,000
Death Investigations Account--State Appropriation $5,615,000
Public Safety and Education Account--State
Appropriation $4,941,000
Enhanced 911 Account--State Appropriation $573,000
County Criminal Justice Assistance
Account--State Appropriation $2,883,000
Municipal Criminal Justice Assistance
Account--State Appropriation $1,154,000
Fire Service Trust Account--State Appropriation $131,000
Fire Service Training Account--State Appropriation $7,550,000
State Toxics Control Account--State Appropriation $468,000
Violence Reduction and Drug Enforcement
Account--State Appropriation $313,000
Fingerprint Identification
Account--State Appropriation $6,257,000

Disaster Response Account--State Appropriation $2,000
DNA Data Base Account--State Appropriation $150,000
Aquatic Invasive Species Prevention Account--State
Appropriation $222,000
TOTAL APPROPRIATION $102,001,000

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

(1) $200,000 of the fire service training account--state appropriation is provided solely for two FTEs in the office of state fire marshal to exclusively review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this appropriation to provide these services only to those districts that are located in counties without qualified review capabilities.

(2) $222,000 of the aquatic invasive species prevention account--state appropriation is provided solely for the implementation of Engrossed Substitute Senate Bill No. 5699 (aquatic invasive species). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(3) $250,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the implementation of Engrossed House Bill No. 1241 (vehicle licensing and registration). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(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 2006)	$12,946,000
General Fund--State Appropriation (FY 2007)	$12,870,000
General Fund--Federal Appropriation	$30,248,000
TOTAL APPROPRIATION	$56,064,000

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

(a) $10,836,000 of the general fund--state appropriation for fiscal year 2006 and $10,910,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the operation and expenses of the office of the superintendent of public instruction. Within the amounts provided in this subsection, the superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award. The students selected for the award must demonstrate understanding through completion of at least one of the classroom-based civics assessment models developed by the superintendent of public instruction, and through leadership in the civic life of their communities. The superintendent shall select two students from eastern Washington and two students from western Washington to receive the award, and shall notify the governor and legislature of the names of the recipients.

(b) $428,000 of the general fund--state appropriation for fiscal year 2006 and $428,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities.

(c) $509,000 of the general fund--state appropriation for fiscal year 2006 and $504,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the operation and expenses of the Washington professional educator standards board. Within the

amounts provided in this subsection, the Washington professional educator standards board shall pursue the implementation of recent study recommendations including: (i) Revision of teacher mathematics endorsement competencies and alignment of teacher tests to the updated competencies, and (ii) development of mathematics specialist endorsement.

(d) $100,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for increased attorney general fees related to *School Districts' Alliance for Adequate Funding of Special Education et al. v. State of Washington et al.*, Thurston County Superior Court Cause No. 04-2-02000-7.

(e) $950,000 of the general fund--state appropriation for fiscal year 2006 and $950,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for replacement of the apportionment system, which includes the processes that collect school district budget and expenditure information, staffing characteristics, and the student enrollments that drive the funding process.

(f)(i) $45,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the office of the superintendent of public instruction and the department of health to collaborate and develop a work group to assess school nursing services in class I school districts. The work group shall consult with representatives from the following groups: School nurses, schools, students, parents, teachers, health officials, and administrators. The work group shall:

(A) Study the need for additional school nursing services by gathering data about current school nurse-to-student ratios in each class I school district and assessing the demand for school nursing services by acuity levels and the necessary skills to meet those demands. The work group also shall recommend to the legislature best practices in school nursing services, including a dedicated, sustainable funding model that would best meet the current and future needs of Washington's schools and contribute to greater academic success of all students. The work group shall make recommendations for school nursing services, and may examine school nursing services by grade level. The work group shall assess whether funding for school nurses should continue as part of basic education; and

(B) In collaboration with managed care plans that contract with the department of social and health services medical assistance

administration to provide health services to children participating in the medicaid and state children's health insurance program, identify opportunities to improve coordination of and access to health services for low-income children through the use of school nurse services. The work group shall evaluate the feasibility of pooling school district and managed care plan funding to finance school nurse positions in school districts with high numbers of low-income children.

(ii) The office of superintendent of public instruction shall report the work group's findings and plans for implementation to the legislature by February 1, 2006.

(g) $78,000 of the general fund--state appropriation for fiscal year 2006 and $78,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to provide direct services and support to schools around an integrated, interdisciplinary approach to instruction in conservation, natural resources, sustainability, and human adaptation to the environment. Specific integration efforts will focus on science, math, and the social sciences. Integration between basic education and career and technical education, particularly agricultural and natural sciences education, is to be a major element.

(2) STATEWIDE PROGRAMS

General Fund--State Appropriation (FY 2006)	$10,192,000
General Fund--State Appropriation (FY 2007)	$10,155,000
General Fund--Federal Appropriation	$47,465,000
TOTAL APPROPRIATION	$67,812,000

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

(a) HEALTH AND SAFETY

(i) A maximum of $2,541,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $2,541,000 of the general fund--state appropriation for fiscal year 2007 are provided for a corps of nurses located at educational service districts, as determined by the superintendent of public instruction, to be dispatched to the most needy schools to provide direct care to students, health education, and training for school staff.

(ii) A maximum of $96,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $96,000 of the general fund--

state appropriation for fiscal year 2007 are provided for the school safety center in the office of the superintendent of public instruction subject to the following conditions and limitations:

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

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

(iii) A maximum of $100,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $100,000 of the general fund--state appropriation for fiscal year 2007 are provided for a school safety training program provided by the criminal justice training commission. The commission, in collaboration with the school safety center advisory committee, shall provide the school safety training for all school administrators and school safety personnel, including school safety personnel hired after the effective date of this section.

(iv) $40,000 of the general fund--state appropriation is provided solely for the safety center advisory committee to develop and distribute a pamphlet to promote internet safety for children, particularly in grades seven through twelve. The pamphlet shall be posted on the superintendent of public instruction's web site. To the extent possible, the pamphlet shall be distributed in schools throughout the state and in other areas accessible to youth, including but not limited to libraries and community centers.

(v) $11,600,000 of the general fund--federal appropriation is provided for safe and drug free schools and communities grants for drug and violence prevention activities and strategies.

(vi) A maximum of $146,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $146,000 of the general fund--state appropriation for fiscal year 2007 are provided for a nonviolence

and leadership training program provided by the institute for community leadership. The program shall provide a request for proposal process, with up to 80 percent funding, for nonviolence leadership workshops serving at least 12 school districts with direct programming in 36 elementary, middle, and high schools throughout Washington state.

(b) TECHNOLOGY

A maximum of $1,939,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $1,939,000 of the general fund--state appropriation for fiscal year 2007 are provided for K-20 telecommunications network technical support in the K-12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. These funds may be used to purchase engineering and advanced technical support for the network.

(c) GRANTS AND ALLOCATIONS

(i) $787,000 of the fiscal year 2006 appropriation and $799,000 of the fiscal year 2007 appropriation are provided solely for the special services pilot projects. The office of the superintendent of public instruction shall allocate these funds to the district or districts participating in the pilot program according to the provisions of RCW 28A.630.015.

(ii) A maximum of $548,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $548,000 of the general fund--state appropriation for fiscal year 2007 are provided for alternative certification routes. Funds may be used by the professional educator standards board to continue existing alternative-route grant programs and to create new alternative-route programs in regions of the state with service shortages.

(iii) A maximum of $31,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $31,000 of the general fund--state appropriation for fiscal year 2007 are provided for operation of the Cispus environmental learning center.

(iv) A maximum of $1,224,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $1,224,000 of the general fund--state appropriation for fiscal year 2007 are provided for in-service training and educational programs conducted by the Pacific Science Center.

(v) A maximum of $1,079,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $1,079,000 of the general fund--state appropriation for fiscal year 2007 are provided for the Washington state leadership assistance for science education reform (LASER) regional partnership coordinated at the Pacific Science Center.

(vi) A maximum of $97,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $97,000 of the general fund--state appropriation for fiscal year 2007 are provided to support vocational student leadership organizations.

(vii) A maximum of $146,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $146,000 of the general fund--state appropriation for fiscal year 2007 are provided for the Washington civil liberties education program.

(viii) $1,000,000 of the general fund--state appropriation for fiscal year 2006 and $1,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Washington state achievers scholarship program. The funds shall be used to support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars.

(ix) $1,521,000 of the general fund--federal appropriation is provided for the advanced placement fee program to increase opportunities for low-income students and under-represented populations to participate in advanced placement courses and to increase the capacity of schools to provide advanced placement courses to students.

(x) $8,292,000 of the general fund--federal appropriation is provided for comprehensive school reform demonstration projects to provide grants to low-income schools for improving student achievement through adoption and implementation of research-based curricula and instructional programs.

(xi) $19,587,000 of the general fund--federal appropriation is provided for 21st century learning center grants, providing after-school and inter-session activities for students.

(xii) $383,000 of the general fund--state appropriation for fiscal year 2006 and $294,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Lorraine Wojahn dyslexia pilot reading program in up to five school districts.

(xiii) $75,000 of the general fund--state appropriation for fiscal year 2006 and $75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for developing and disseminating curriculum and other materials documenting women's role in World War II.

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

General Fund--State Appropriation (FY 2006) $4,180,957,000
General Fund--State Appropriation (FY 2007) $4,243,010,000
TOTAL APPROPRIATION $8,423,967,000

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

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

(2) Allocations for certificated staff salaries for the 2005-06 and 2006-07 school years shall be determined using formula-generated staff units calculated pursuant to this subsection. Staff allocations for small school enrollments in (d) through (f) of this subsection shall be reduced for vocational full-time equivalent enrollments. Staff allocations for small school enrollments in grades K-6 shall be the greater of that generated under (a) of this subsection, or under (d) and (e) of this subsection. Certificated staffing allocations shall be as follows:

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

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

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

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

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

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

(A) Funds provided under this subsection (2)(a)(iv) in excess of the amount required to maintain the statutory minimum ratio established under RCW 28A.150.260(2)(b) shall be allocated only if the district documents an actual ratio in grades K-4 equal to or greater than 53.2 certificated instructional staff per thousand full-time equivalent students. For any school district documenting a lower certificated instructional staff ratio, the allocation shall be based on the district's actual grades K-4 certificated instructional staff ratio achieved in that school year, or the statutory minimum ratio established under RCW 28A.150.260(2)(b), if greater;

(B) Districts at or above 51.0 certificated instructional staff per one thousand full-time equivalent students in grades K-4 may dedicate up to 1.3 of the 53.2 funding ratio to employ additional classified instructional assistants assigned to basic education classrooms in grades K-4. For purposes of documenting a district's staff ratio under this section, funds used by the district to employ additional classified instructional assistants shall be converted to a certificated staff equivalent and added to the district's actual certificated instructional staff ratio. Additional classified instructional assistants, for the purposes of this subsection, shall be determined using the 1989-90 school year as the base year;

(C) Any district maintaining a ratio in grades K-4 equal to or greater than 53.2 certificated instructional staff per thousand full-time equivalent students may use allocations generated under this subsection (2)(a)(iv) in excess of that required to maintain the minimum ratio established under RCW 28A.150.260(2)(b) to employ additional basic education certificated instructional staff or classified instructional assistants in grades 5-6. Funds allocated under this subsection (2)(a)(iv) shall only be expended to reduce class size in grades K-6. No more than 1.3 of the certificated instructional funding ratio amount may be expended for provision of classified instructional assistants;

(b) For school districts with a minimum enrollment of 250 full-time equivalent students whose full-time equivalent student enrollment count in a given month exceeds the first of the month full-time equivalent

enrollment count by 5 percent, an additional state allocation of 110 percent of the share that such increased enrollment would have generated had such additional full-time equivalent students been included in the normal enrollment count for that particular month;

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

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

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

(ii) Vocational full-time equivalent enrollment shall be reported on the same monthly basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported vocational enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support; and

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Allocations for classified salaries for the 2005-06 and 2006-07 school years shall be calculated using formula-generated classified staff units determined as follows:

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

(b) For all other enrollment in grades K-12, including vocational full-time equivalent enrollments, one classified staff unit for each sixty average annual full-time equivalent students; and

(c) For each nonhigh school district with an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit.

(4) Fringe benefit allocations shall be calculated at a rate of 10.90 percent in the 2005-06 school year and 11.90 percent in the 2006-07 school year for certificated salary allocations provided under subsection (2) of this section, and a rate of 14.57 percent in the 2005-06 school year and 15.82 percent in the 2006-07 school year for classified salary allocations provided under subsection (3) of this section.

(5) Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504(2) of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsection (2) of this section; and

(b) The number of classified staff units determined in subsection (3) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purposes of distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(6)(a) For nonemployee-related costs associated with each certificated staff unit allocated under subsection (2)(a), (b), and (d) through (h) of this section, there shall be provided a maximum of $9,112 per certificated staff unit in the 2005-06 school year and a maximum of $9,285 per certificated staff unit in the 2006-07 school year.

(b) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(A) of this section, there shall be provided a maximum of $22,377 per certificated staff unit in the 2005-06 school year and a maximum of $22,802 per certificated staff unit in the 2006-07 school year.

(c) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(B) of this section, there shall be provided a maximum of $17,362 per certificated staff unit in the 2005-06 school year and a maximum of $17,692 per certificated staff unit in the 2006-07 school year.

(7) Allocations for substitute costs for classroom teachers shall be distributed at a maintenance rate of $531.09 for the 2005-06 and 2006-07 school years per allocated classroom teachers exclusive of salary increase amounts provided in section 504 of this act. Solely for the purposes of this subsection, allocated classroom teachers shall be equal to the number of certificated instructional staff units allocated under subsection (2) of this section, multiplied by the ratio between the number of actual basic education certificated teachers and the number of actual basic education certificated instructional staff reported statewide for the prior school year.

(8) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

(9) The superintendent may distribute a maximum of $7,621,000 outside the basic education formula during fiscal years 2006 and 2007 as follows:

(a) For fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW, a maximum of $513,000 may be expended in fiscal year 2006 and a maximum of $523,000 may be expended in fiscal year 2007;

(b) For summer vocational programs at skills centers, a maximum of $2,035,000 may be expended for the 2006 fiscal year and a maximum of $2,035,000 for the 2007 fiscal year;

(c) A maximum of $365,000 may be expended for school district emergencies;

(d) A maximum of $485,000 each fiscal year may be expended for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to exceed $500 per full-time equivalent student enrolled in those programs; and

(e) $394,000 of the general fund--state appropriation for fiscal year 2006 and $787,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for incentive grants to encourage school districts to increase enrollment in vocational skills centers. Up to $500 for each full-time equivalent student may be proportionally distributed to a school district or school districts increasing skills centers enrollment above the levels in the 2004-05 school year. The office of the superintendent of public instruction shall develop criteria for awarding incentive grants pursuant to this subsection. The total amount allocated pursuant to this subsection shall be limited to $1,181,000 for the 2005-07 biennium.

(10) For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 5.2 percent from the 2004-05 school year to the 2005-06 school year and 3.4 percent from the 2005-06 school year to the 2006-07 school year.

(11) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (2)(b) through (h) of this section, the following shall apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection (2)(a) through (h) of this section shall be reduced in increments of twenty percent per year.

NEW SECTION. **Sec. 503. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--BASIC EDUCATION EMPLOYEE COMPENSATION.** (1) The following calculations determine the salaries used in the general fund allocations for certificated instructional, certificated administrative, and classified staff units under section 502 of this act:

(a) Salary allocations for certificated instructional staff units shall be determined for each district by multiplying the district's certificated instructional total base salary shown on LEAP Document 12E by the district's average staff mix factor for certificated instructional staff in that school year, computed using LEAP Document 1Sb; and

(b) Salary allocations for certificated administrative staff units and classified staff units for each district shall be based on the district's certificated administrative and classified salary allocation amounts shown on LEAP Document 12E.

(2) For the purposes of this section:

(a) "LEAP Document 1Sb" means the computerized tabulation establishing staff mix factors for certificated instructional staff according to education and years of experience, as developed by the legislative evaluation and accountability program committee on March 18, 2005, at 10:00 hours; and

(b) "LEAP Document 12E" means the computerized tabulation of 2005-06 and 2006-07 school year salary allocations for certificated administrative staff and classified staff and derived and total base salaries for certificated instructional staff as developed by the legislative evaluation and accountability program committee on April 6, 2005, at 10:00 hours.

(3) Incremental fringe benefit factors shall be applied to salary adjustments at a rate of 10.26 percent for school year 2005-06 and

11.26 percent for school year 2006-07 for certificated staff and for classified staff 11.07 percent for school year 2005-06 and 12.32 percent for the 2006-07 school year.

(4)(a) Pursuant to RCW 28A.150.410, the following state-wide salary allocation schedules for certificated instructional staff are established for basic education salary allocations:

K-12 Salary Allocation Schedule For Certificated Instructional Staff

2005-06 School Year

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 or PHD
0	30,383	31,204	32,054	32,906	35,640	37,401	36,426	39,161	40,924
1	30,792	31,624	32,485	33,375	36,137	37,889	36,831	39,594	41,345
2	31,181	32,022	32,892	33,850	36,605	38,375	37,239	39,994	41,764
3	31,583	32,431	33,311	34,299	37,049	38,861	37,626	40,373	42,187
4	31,977	32,862	33,747	34,770	37,536	39,361	38,031	40,796	42,623
5	32,384	33,273	34,167	35,247	38,002	39,864	38,442	41,199	43,061
6	32,802	33,672	34,596	35,729	38,472	40,344	38,864	41,607	43,478
7	33,536	34,420	35,356	36,551	39,334	41,258	39,655	42,437	44,362
8	34,612	35,543	36,502	37,796	40,616	42,611	40,899	43,720	45,714
9		36,707	37,713	39,054	41,940	44,002	42,156	45,044	47,106
10			38,938	40,376	43,301	45,432	43,479	46,405	48,535
11				41,737	44,726	46,900	44,840	47,830	50,003
12				43,055	46,189	48,428	46,255	49,292	51,532
13					47,688	49,993	47,720	50,791	53,096
14					49,194	51,618	49,227	52,396	54,721
15					50,474	52,961	50,507	53,758	56,144
16 or more					51,483	54,019	51,517	54,833	57,266

K-12 Salary Allocation Schedule For Certificated Instructional Staff

2006-07 School Year

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 or PHD
0	30,900	31,735	32,599	33,466	36,247	38,038	37,046	39,827	41,620
1	31,316	32,162	33,038	33,942	36,752	38,534	37,458	40,268	42,048
2	31,712	32,566	33,451	34,426	37,228	39,028	37,873	40,674	42,475

3	32,121	32,983	33,878	34,883	37,679	39,523	38,266	41,060	42,905
4	32,521	33,421	34,321	35,362	38,174	40,031	38,678	41,491	43,348
5	32,935	33,840	34,748	35,846	38,649	40,543	39,097	41,900	43,794
6	33,360	34,245	35,185	36,337	39,127	41,031	39,526	42,315	44,218
7	34,107	35,005	35,957	37,173	40,003	41,960	40,330	43,159	45,116
8	35,201	36,148	37,123	38,439	41,307	43,336	41,594	44,464	46,492
9		37,332	38,355	39,718	42,654	44,751	42,873	45,810	47,908
10			39,601	41,063	44,038	46,205	44,219	47,194	49,361
11				42,448	45,487	47,698	45,603	48,644	50,853
12				43,788	46,975	49,252	47,042	50,131	52,409
13					48,499	50,844	48,532	51,655	54,000
14					50,031	52,496	50,065	53,287	55,652
15					51,333	53,862	51,366	54,673	57,099
16 or more					52,359	54,938	52,393	55,766	58,241

(b) As used in this subsection, the column headings "BA+(N)" refer to the number of credits earned since receiving the baccalaureate degree.

(c) For credits earned after the baccalaureate degree but before the masters degree, any credits in excess of forty-five credits may be counted after the masters degree. Thus, as used in this subsection, the column headings "MA+(N)" refer to the total of:

(i) Credits earned since receiving the masters degree; and

(ii) Any credits in excess of forty-five credits that were earned after the baccalaureate degree but before the masters degree.

(5) For the purposes of this section:

(a) "BA" means a baccalaureate degree.

(b) "MA" means a masters degree.

(c) "PHD" means a doctorate degree.

(d) "Years of service" shall be calculated under the same rules adopted by the superintendent of public instruction.

(e) "Credits" means college quarter hour credits and equivalent in-service credits computed in accordance with RCW 28A.415.020 and 28A.415.023.

(6) No more than ninety college quarter-hour credits received by any employee after the baccalaureate degree may be used to determine compensation allocations under the state salary allocation schedule and LEAP documents referenced in this act, or any replacement schedules and documents, unless:

(a) The employee has a masters degree; or

(b) The credits were used in generating state salary allocations before January 1, 1992.

(7) The certificated instructional staff base salary specified for each district in LEAP Document 12E and the salary schedules in subsection (4)(a) of this section include two learning improvement days. A school district is eligible for the learning improvement day funds only if the learning improvement days have been added to the 180-day contract year. If fewer days are added, the additional learning improvement allocation shall be adjusted accordingly. The additional days shall be limited to specific activities identified in the state required school improvement plan related to improving student learning that are consistent with education reform implementation, and shall not be considered part of basic education. The principal in each school shall assure that the days are used to provide the necessary school-wide, all staff professional development that is tied directly to the school improvement plan. The school principal and the district superintendent shall maintain documentation as to their approval of these activities. The length of a learning improvement day shall not be less than the length of a full day under the base contract. The superintendent of public instruction shall ensure that school districts adhere to the intent and purposes of this subsection.

(8) The salary allocation schedules established in this section are for allocation purposes only except as provided in RCW 28A.400.200(2) and subsection (7) of this section.

NEW SECTION. **Sec. 504. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS**

General Fund--State Appropriation (FY 2006) $73,981,000
General Fund--State Appropriation (FY 2007) $186,968,000
Education Legacy Trust Account--State Appropriation $470,000
General Fund--Federal Appropriation $864,000
TOTAL APPROPRIATION $262,283,000

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

(1) $135,669,000 is provided for a cost of living adjustment of 1.2 percent effective September 1, 2005, and another 1.7 percent effective September 1, 2006, for state formula staff units. The appropriations

include associated incremental fringe benefit allocations at rates of 10.26 percent for the 2005-06 school year and 11.26 percent for the 2006-07 school year for certificated staff and 11.07 percent for the 2005-06 school year and 12.32 percent for the 2006-07 school year for classified staff.

(a) The appropriations in this section include the increased portion of salaries and incremental fringe benefits for all relevant state-funded school programs in part V of this act. Increases for general apportionment (basic education) are based on the salary allocation schedules and methodology in sections 502 and 503 of this act. Increases for special education result from increases in each district's basic education allocation per student. Increases for educational service districts and institutional education programs are determined by the superintendent of public instruction using the methodology for general apportionment salaries and benefits in sections 502 and 503 of this act.

(b) The appropriations in this section provide cost of living and incremental fringe benefit allocations based on formula adjustments as follows:

	School Year	
	2005-06	2006-07
Pupil Transportation (per weighted pupil mile)	$0.28	$0.68
Highly Capable (per formula student)	$2.96	$7.26
Transitional Bilingual Education (per eligible bilingual student)	$7.92	$19.44
Learning Assistance (per formula student)	$1.69	$4.14

(c) The appropriations in this section include $251,000 for fiscal year 2006 and $676,000 for fiscal year 2007 for salary increase adjustments for substitute teachers.

(2) $126,614,000 is provided for adjustments to insurance benefit allocations. The maintenance rate for insurance benefit allocations is $582.47 per month for the 2005-06 and 2006-07 school years. The appropriations in this section provide for a rate increase to $629.07 per month for the 2005-06 school year and $679.39 per month for the 2006-07 school year. The adjustments to health insurance benefit allocations are at the following rates:

	School Year	
	2005-06	2006-07
Pupil Transportation (per weighted pupil mile)	$0.42	$0.88
Highly Capable (per formula student)	$2.89	$5.97
Transitional Bilingual Education (per eligible bilingual student)	$7.54	$15.69
Learning Assistance (per formula student)	$1.49	$3.11

(3) The rates specified in this section are subject to revision each year by the legislature.

NEW SECTION. **Sec. 505. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PUPIL TRANSPORTATION**

General Fund--State Appropriation (FY 2006) $242,170,000
General Fund--State Appropriation (FY 2007) $248,575,000
TOTAL APPROPRIATION $490,745,000

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

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

(2) A maximum of $796,000 of this fiscal year 2006 appropriation and a maximum of $812,000 of the fiscal year 2007 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(3) $5,000 of the fiscal year 2006 appropriation and $5,000 of the fiscal year 2007 appropriation are provided solely for the transportation of students enrolled in "choice" programs. Transportation shall be limited to low-income students who are transferring to "choice" programs solely for educational reasons.

(4) Allocations for transportation of students shall be based on reimbursement rates of $41.51 per weighted mile in the 2005-06 school year and $42.01 per weighted mile in the 2006-07 school year exclusive of salary and benefit adjustments provided in section 504 of this act. Allocations for transportation of students transported more than one

radius mile shall be based on weighted miles as determined by superintendent of public instruction multiplied by the per mile reimbursement rates for the school year pursuant to the formulas adopted by the superintendent of public instruction. Allocations for transportation of students living within one radius mile shall be based on the number of enrolled students in grades kindergarten through five living within one radius mile of their assigned school multiplied by the per mile reimbursement rate for the school year multiplied by 1.29.

(5) For busses purchased between July 1, 2005, and June 30, 2007, the office of superintendent of public instruction shall provide reimbursement funding to a school district only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195. The competitive specifications shall meet federal motor vehicle safety standards, minimum state specifications as established by rule by the superintendent, and supported options as determined by the superintendent in consultation with the regional transportation coordinators of the educational service districts.

(6) Beginning with the 2005-06 school year, the superintendent of public instruction shall base depreciation payments for school district buses on the five-year average of lowest bids in the appropriate category of bus. In the final year on the depreciation schedule, the depreciation payment shall be based on the current state price. The superintendent may include a weighting or other adjustment factor in the averaging formula to ease the transition from the current-price depreciation system to the average depreciation system. Prior to making any depreciation payment in the 2005-06 school year, the superintendent shall notify the office of financial management and the fiscal committees of the legislature of the specific depreciation formula to be used. The replacement cost shall be based on the lowest bid in the appropriate bus category for that school year. A maximum of $50,000 of the fiscal year 2006 appropriation may be expended for software programming costs associated with the implementation of this subsection.

NEW SECTION. **Sec. 506. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL FOOD SERVICE PROGRAMS**

General Fund--State Appropriation (FY 2006) $3,147,000
General Fund--State Appropriation (FY 2007) $3,159,000
General Fund--Federal Appropriation $288,774,000
TOTAL APPROPRIATION $295,080,000

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

(1) $3,000,000 of the general fund--state appropriation for fiscal year 2006 and $3,000,000 of the general fund--state appropriation for fiscal year 2007 are provided for state matching money for federal child nutrition programs.

(2) $100,000 of the general fund--state appropriation for fiscal year 2006 and $100,000 of the 2007 fiscal year appropriation are provided for summer food programs for children in low-income areas.

(3) $47,000 of the general fund--state appropriation for fiscal year 2006 and $59,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to reimburse school districts for school breakfasts served to students enrolled in the free or reduced price meal program pursuant to House Bill No. 1771 (requiring school breakfast programs in certain schools). If House Bill No. 1771 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

NEW SECTION. **Sec. 507. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION PROGRAMS**

General Fund--State Appropriation (FY 2006) $460,032,000
General Fund--State Appropriation (FY 2007) $471,961,000
General Fund--Federal Appropriation $435,464,000
TOTAL APPROPRIATION $1,367,457,000

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

(1) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter

28A.155 RCW through the general apportionment allocation, it shall provide services through the special education excess cost allocation funded in this section.

(2)(a) The superintendent of public instruction shall use the excess cost methodology developed and implemented for the 2001-02 school year using the S-275 personnel reporting system and all related accounting requirements to ensure that:

(i) Special education students are basic education students first;

(ii) As a class, special education students are entitled to the full basic education allocation; and

(iii) Special education students are basic education students for the entire school day.

(b) The S-275 and accounting changes in effect since the 2001-02 school year shall supercede any prior excess cost methodologies and shall be required of all school districts.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4) The superintendent of public instruction shall distribute state and federal funds to school districts based on two categories: The optional birth through age two program for special education eligible developmentally delayed infants and toddlers, and the mandatory special education program for special education eligible students ages three to twenty-one. A "special education eligible student" means a student receiving specially designed instruction in accordance with a properly formulated individualized education program.

(5)(a) For the 2005-06 and 2006-07 school years, the superintendent shall make allocations to each district based on the sum of:

(i) A district's annual average headcount enrollment of developmentally delayed infants and toddlers ages birth through two, multiplied by the district's average basic education allocation per full-time equivalent student, multiplied by 1.15; and

(ii) A district's annual average full-time equivalent basic education enrollment multiplied by the funded enrollment percent determined pursuant to subsection (6)(b) of this section, multiplied by the district's average basic education allocation per full-time equivalent student multiplied by 0.9309.

(b) For purposes of this subsection, "average basic education allocation per full-time equivalent student" for a district shall be based on the staffing ratios required by RCW 28A.150.260 and shall not include enhancements, secondary vocational education, or small schools.

(6) The definitions in this subsection apply throughout this section.

(a) "Annual average full-time equivalent basic education enrollment" means the resident enrollment including students enrolled through choice (RCW 28A.225.225) and students from nonhigh districts (RCW 28A.225.210) and excluding students residing in another district enrolled as part of an interdistrict cooperative program (RCW 28A.225.250).

(b) "Enrollment percent" means the district's resident special education annual average enrollment, excluding the birth through age two enrollment, as a percent of the district's annual average full-time equivalent basic education enrollment.

Each district's general fund--state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent.

(7) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with subsection (6)(b) of this section, and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(8) To the extent necessary, $18,940,000 of the general fund--state appropriation and $28,698,000 of the general fund--federal appropriation are provided for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (5) of this section. If safety net awards exceed the amount appropriated in this subsection (8), the superintendent shall expend all available federal discretionary funds necessary to meet this need. Safety net funds shall be awarded by the state safety net oversight committee subject to the following conditions and limitations:

(a) The committee shall consider unmet needs for districts that can convincingly demonstrate that all legitimate expenditures for special education exceed all available revenues from state funding formulas. In the determination of need, the committee shall also consider additional available revenues from federal sources. Differences in program costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(b) The committee shall then consider the extraordinary high cost needs of one or more individual special education students. Differences in costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(c) The maximum allowable indirect cost for calculating safety net eligibility may not exceed the federal restricted indirect cost rate for the district plus one percent.

(d) Safety net awards shall be adjusted based on the percent of potential medicaid eligible students billed as calculated by the superintendent in accordance with chapter 318, Laws of 1999.

(e) Safety net awards must be adjusted for any audit findings or exceptions related to special education funding.

(9) The superintendent of public instruction may adopt such rules and procedures as are necessary to administer the special education funding and safety net award process. Prior to revising any standards, procedures, or rules, the superintendent shall consult with the office of financial management and the fiscal committees of the legislature.

(10) The safety net oversight committee appointed by the superintendent of public instruction shall consist of:

(a) One staff from the office of superintendent of public instruction;

(b) Staff of the office of the state auditor who shall be nonvoting members of the committee; and

(c) One or more representatives from school districts or educational service districts knowledgeable of special education programs and funding.

(11) A maximum of $678,000 may be expended from the general fund--state appropriations to fund 5.43 full-time equivalent teachers and 2.1

full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(12) A maximum of $1,000,000 of the general fund--federal appropriation is provided for projects to provide special education students with appropriate job and independent living skills, including work experience where possible, to facilitate their successful transition out of the public school system. The funds provided by this subsection shall be from federal discretionary grants.

(13) A maximum of $100,000 of the general fund--federal appropriation shall be expended to create a special education ombudsman program within the office of superintendent of public instruction. The purpose of the program is to provide support to parents, guardians, educators, and students with disabilities. The program will provide information to help families and educators understand state laws, rules, and regulations, and access training and support, technical information services, and mediation services. The ombudsman program will provide data, information, and appropriate recommendations to the office of superintendent of public instruction, school districts, educational service districts, state need projects, and the parent and teacher information center.

(14) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high-cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(15) A maximum of $1,200,000 of the general fund--federal appropriation may be expended by the superintendent for projects related to use of inclusion strategies by school districts for provision of special education services.

(16) $1,400,000 of the general fund--federal appropriation shall be expended for one-time grants to school districts for the start-up costs of implementing web-based programs that assist schools in meeting state and federal requirements regarding individualized education plans.

(17) The superintendent, consistent with the new federal IDEA reauthorization, shall continue to educate school districts on how to

implement a birth-to-three program and review the cost effectiveness and learning benefits of early intervention.

(18) A school district may carry over from one year to the next year up to 10 percent of the general fund--state funds allocated under this program; however, carry over funds shall be expended in the special education program.

NEW SECTION. **Sec. 508. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR EDUCATIONAL SERVICE DISTRICTS**

General Fund--State Appropriation (FY 2006) $3,694,000
General Fund--State Appropriation (FY 2007) $3,724,000
TOTAL APPROPRIATION $7,418,000

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

(1) The educational service districts shall continue to furnish financial services required by the superintendent of public instruction and RCW 28A.310.190 (3) and (4).

(2) The educational service districts, at the request of the state board of education pursuant to RCW 28A.310.010 and 28A.310.340, may receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and submit to the state board of education post-site visit recommendations for school accreditation. The educational service districts may assess a cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

NEW SECTION. **Sec. 509. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT ASSISTANCE**

General Fund--State Appropriation (FY 2006) $174,465,000
General Fund--State Appropriation (FY 2007) $182,702,000
TOTAL APPROPRIATION $357,167,000

NEW SECTION. **Sec. 510. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR INSTITUTIONAL EDUCATION PROGRAMS**

General Fund--State Appropriation (FY 2006) $19,084,000
General Fund--State Appropriation (FY 2007) $19,673,000
TOTAL APPROPRIATION $38,757,000

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

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

(2) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.

(3) State funding for each institutional education program shall be based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.

(4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.

(5) $219,000 of the general fund--state appropriation for fiscal year 2006 and $219,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, and programs for juveniles under the juvenile rehabilitation administration.

(6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

NEW SECTION. **Sec. 511. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS**

General Fund--State Appropriation (FY 2006) $6,860,000
General Fund--State Appropriation (FY 2007) $6,926,000
TOTAL APPROPRIATION $13,786,000

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

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

(2) Allocations for school district programs for highly capable students shall be distributed at a maximum rate of $347.24 per funded student for the 2005-06 school year and $349.48 per funded student for the 2006-07 school year, exclusive of salary and benefit adjustments pursuant to section 504 of this act. The number of funded students shall be a maximum of two percent of each district's full-time equivalent basic education enrollment.

(3) $170,000 of the fiscal year 2006 appropriation and $170,000 of the fiscal year 2007 appropriation are provided for the centrum program at Fort Worden state park.

(4) $90,000 of the fiscal year 2006 appropriation and $90,000 of the fiscal year 2007 appropriation are provided for the Washington destination imagination network and future problem-solving programs.

NEW SECTION. **Sec. 512. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR MISCELLANEOUS PURPOSES UNDER THE ELEMENTARY AND SECONDARY SCHOOL IMPROVEMENT ACT AND THE NO CHILD LEFT BEHIND ACT**

General Fund--Federal Appropriation $22,084,000

NEW SECTION. **Sec. 513. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--EDUCATION REFORM PROGRAMS**

General Fund--State Appropriation (FY 2006) $43,076,000
General Fund--State Appropriation (FY 2007) $40,427,000
General Fund--Federal Appropriation $123,345,000
TOTAL APPROPRIATION $206,848,000

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

(1) ASSESSMENT

$19,810,000 of the general fund--state appropriation for fiscal year 2006, $16,105,000 of the general fund--state appropriation for fiscal year 2007, and $16,111,000 of the general fund--federal appropriation are provided solely for development and implementation of the Washington assessments of student learning (WASL), including development and implementation of retake assessments for high school students who are not successful in one or more content areas of the

WASL and development of alternative assessments or appeals procedures to implement the certificate of academic achievement. Within these amounts, the superintendent of public instruction shall contract for the early return of 10th grade student WASL results, on or around June 10th of each year.

(2) PROFESSIONAL DEVELOPMENT

(a) $548,000 of the fiscal year 2006 general fund--state appropriation and $548,000 of the fiscal year 2007 general fund--state appropriation are provided solely for training of paraprofessional classroom assistants and certificated staff who work with classroom assistants as provided in RCW 28A.415.310.

(b) $2,348,000 of the general fund--state appropriation for fiscal year 2006 and $2,348,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for mentor teacher assistance, including state support activities, under RCW 28A.415.250 and 28A.415.260, and for a mentor academy. Up to $200,000 of the amount in this subsection may be used each fiscal year to operate a mentor academy to help districts provide effective training for peer mentors. Funds for the teacher assistance program shall be allocated to school districts based on the number of first year beginning teachers.

(c) $705,000 of the general fund--state appropriation for fiscal year 2006 and $705,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(d) $3,010,000 of the general fund--state appropriation for fiscal year 2006 and $4,018,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for salary bonuses for teachers who attain certification by the national board for professional teaching standards, subject to the following conditions and limitations:

(i) Teachers who hold a valid certificate from the national board during the 2005-06 or 2006-07 school years shall receive an annual bonus not to exceed $3,500 in each of these school years in which they hold a national board certificate.

(ii) The annual bonus shall be paid in a lump sum amount and shall not be included in the definition of "earnable compensation" under RCW 41.32.010(10).

(e) $90,399,000 of the general fund--federal appropriation is provided for preparing, training, and recruiting high quality teachers and principals under Title II of the no child left behind act.

(3) SCHOOL IMPROVEMENT

(a) $338,000 of the general fund--state appropriation for fiscal year 2006 and $338,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a principal support program. The office of the superintendent of public instruction may contract with an independent organization to administer the program. The program shall include: (i) Development of an individualized professional growth plan for a new principal or principal candidate; and (ii) participation of a mentor principal who works over a period of between one and three years with the new principal or principal candidate to help him or her build the skills identified as critical to the success of the professional growth plan. Within the amounts provided, $25,000 per year shall be used to support additional participation of secondary principals.

(b) $3,046,000 of the general fund--state appropriation for fiscal year 2006 and $3,046,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to the office of the superintendent of public instruction for focused assistance. The office of the superintendent of public instruction shall conduct educational audits of low-performing schools and enter into performance agreements between school districts and the office to implement the recommendations of the audit and the community. Each educational audit shall include recommendations for best practices and ways to address identified needs and shall be presented to the community in a public meeting to seek input on ways to implement the audit and its recommendations.

(c) $1,000,000 of the general fund--state appropriation for fiscal year 2006 and $1,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a high school and school district improvement program modeled after the office of the superintendent of public instruction's existing focused assistance program in (b) of this subsection. The state funding for this improvement program will match an equal amount committed by a nonprofit foundation in furtherance of a jointly funded program.

(d) A maximum of $250,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of $250,000 of the general fund--state appropriation for fiscal year 2007 are provided for summer accountability institutes offered by the superintendent of public instruction. The institutes shall provide school district staff with training in the analysis of student assessment data, information regarding successful district and school teaching models, research on curriculum and instruction, and planning tools for districts to improve instruction in reading, mathematics, language arts, social studies, including civics, and guidance and counseling. The superintendent of public instruction shall emphasize issues of high school reform and mathematics instruction when offering summer institute programs supported by funds provided in this subsection.

(e) $515,000 of the general fund--state appropriation for fiscal year 2006 and $515,000 of the general fund--state appropriation for fiscal year 2007 are provided for the evaluation of reading and mathematics textbooks, other instructional materials, and diagnostic tools to determine the extent to which they are aligned with the state standards. A scorecard of the analysis shall be made available to school districts. The superintendent shall also develop and disseminate information on essential components of comprehensive, school-based math and reading programs and shall develop and disseminate grade level expectations for reading and math which shall include professional development modules and web-based materials.

(f) $1,764,000 of the general fund--state appropriation for fiscal year 2006 and $1,764,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the mathematics helping corps subject to the following conditions and limitations:

(i) In order to increase the availability and quality of technical mathematics assistance statewide, the superintendent of public instruction shall employ mathematics school improvement specialists to provide assistance to schools and districts. The specialists shall be hired by and work under the direction of a statewide school improvement coordinator. The mathematics improvement specialists shall not be permanent employees of the superintendent of public instruction.

(ii) The school improvement specialists shall provide the following:

(A) Assistance to schools to disaggregate student performance data and develop improvement plans based on those data;

(B) Consultation with schools and districts concerning their performance on the Washington assessment of student learning and other assessments emphasizing the performance on the mathematics assessments;

(C) Consultation concerning curricula that aligns with the essential academic learning requirements emphasizing the academic learning requirements for mathematics, the Washington assessment of student learning, and meets the needs of diverse learners;

(D) Assistance in the identification and implementation of research-based instructional practices in mathematics;

(E) Staff training that emphasizes effective instructional strategies and classroom-based assessment for mathematics;

(F) Assistance in developing and implementing family and community involvement programs emphasizing mathematics; and

(G) Other assistance to schools and school districts intended to improve student mathematics learning.

(g) $125,000 of the general fund--state appropriation for fiscal year 2006 and $125,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the improvement of reading achievement and implementation of research-based reading models. The superintendent shall evaluate reading curriculum programs and other instructional materials to determine the extent to which they are aligned with state standards. A report of the analyses shall be made available to school districts. The superintendent shall report to districts the assessments that are available to screen and diagnose reading difficulties, and shall provide training on how to implement a reading assessment system. Resources may also be used to disseminate grade level expectations and develop professional development modules and web-based materials.

(h) $16,758,000 of the general fund--federal appropriation is provided for the reading first program under Title I of the no child left behind act.

(4) STUDENT SUPPORTS

(a) $2,500,000 of the general fund--state appropriation for fiscal year 2006 and $2,500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the meals for kids program under RCW 28A.235.145 through 28A.235.155.

(b) $125,000 of the general fund--state appropriation for fiscal year 2006 and $125,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for an early reading grant program for community-based initiatives that develop prereading and early reading skills through parental and community involvement, public awareness, coordination of resources, and partnerships with local school districts. Grant awards shall include funding for one-time start up costs for local affiliates and a one-time partial payment of school district dues to local affiliates of up to 30 percent of the per student dues amount. Grant applications shall include:

(i) Strategies for parental involvement emphasizing ages birth to five and outreach to diverse communities;

(ii) Evidence of collaboration with, and support from, local school districts, and how the activities funded in the grant are complementary to the reading improvement efforts of local school districts;

(iii) A plan for community participation and coordination of resources including in-kind and financial support by public and private sector partners;

(iv) Measurable goals and evaluation methodology to determine impact;

(v) Integration of reading strategies from the Washington state early learning and development benchmarks;

(vi) A plan for marketing and public relations;

(vii) Strategies for sustaining the program when grant funding is no longer available; and

(viii) Evidence of district commitment to reading improvement, aligned curriculum, progress monitoring, and time-on-task.

(c) $850,000 of the general fund--state appropriation for fiscal year 2006 and $850,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Washington reading corps. The superintendent shall allocate reading corps members to low-performing schools and school districts that are implementing comprehensive, proven, research-based reading programs. Two or more schools may combine their Washington reading corps programs. Grants provided under this section may be used by school districts for expenditures from September 2005 through August 31, 2007.

(d) $3,594,000 of the general fund--state appropriation for fiscal year 2006 and $3,594,000 of the general fund--state appropriation for

fiscal year 2007 are provided solely for grants to school districts to provide a continuum of care for children and families to help children become ready to learn. Grant proposals from school districts shall contain local plans designed collaboratively with community service providers. If a continuum of care program exists in the area in which the school district is located, the local plan shall provide for coordination with existing programs to the greatest extent possible. Grant funds shall be allocated pursuant to RCW 70.190.040.

(5) TECHNOLOGY

(a) $1,959,000 of the general fund--state appropriation for fiscal year 2006 and $1,959,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for improving technology infrastructure, monitoring and reporting on school district technology development, promoting standards for school district technology, promoting statewide coordination and planning for technology development, and providing regional educational technology support centers, including state support activities, under chapter 28A.650 RCW. The superintendent of public instruction shall coordinate a process to facilitate the evaluation and provision of online curriculum courses to school districts which includes the following: Creation of a general listing of the types of available online curriculum courses; a survey conducted by each regional educational technology support center of school districts in its region regarding the types of online curriculum courses desired by school districts; a process to evaluate and recommend to school districts the best online courses in terms of curriculum, student performance, and cost; and assistance to school districts in procuring and providing the courses to students.

(b) $126,000 of the general fund--state appropriation for fiscal year 2006 and $126,000 of the general fund--state appropriation for fiscal year 2007 are provided for the development and posting of web-based instructional tools, assessment data, and other information that assists schools and teachers implementing higher academic standards.

NEW SECTION. **Sec. 514. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL BILINGUAL PROGRAMS**

General Fund--State Appropriation (FY 2006) $59,673,000
General Fund--State Appropriation (FY 2007) $63,535,000
General Fund--Federal Appropriation $45,561,000

TOTAL APPROPRIATION $168,769,000

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

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

(2) The superintendent shall distribute a maximum of $757.72 per eligible bilingual student in the 2005-06 school year and $763.70 in the 2006-07 school year, exclusive of salary and benefit adjustments provided in section 504 of this act.

(3) The superintendent may withhold up to 1.5 percent of the school year allocations to school districts in subsection (2) of this section, and adjust the per eligible pupil rates in subsection (2) of this section accordingly, solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2).

(4) $70,000 of the amounts appropriated in this section are provided solely to develop a system for the tracking of current and former transitional bilingual program students.

(5) The general fund--federal appropriation in this section is provided for migrant education under Title I Part C and English language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.

NEW SECTION. **Sec. 515. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING ASSISTANCE PROGRAM**

General Fund--State Appropriation (FY 2006) $65,434,000
General Fund--State Appropriation (FY 2007) $65,367,000
Education Legacy Trust Account--State Appropriation . . . $24,605,000
General Fund--Federal Appropriation $343,227,000
TOTAL APPROPRIATION $498,633,000

(1) The general fund--state and education legacy trust account appropriations in this section are subject to the following conditions and limitations:

(a) The appropriations include such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b) Funding for school district learning assistance programs shall be allocated at maximum rates of $184.29 per funded student for the

2005-06 school year and $186.03 per funded student for the 2006-07 school year exclusive of salary and benefit adjustments provided under section 504 of this act.

(c) A school district's funded students for the learning assistance program shall be the sum of the following as appropriate:

(i) The district's full-time equivalent enrollment in grades K-12 for the prior school year multiplied by the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch in the prior school year; and

(ii) If, in the prior school year, the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch exceeded forty percent, subtract forty percent from the district's percentage and multiply the result by the district's K-12 annual average full-time equivalent enrollment for the prior school year.

(d) In addition to amounts allocated in (b) and (c) of this subsection, an additional amount shall be allocated to a school district for each school year in which the district's allocation is less than the amount the district received for the general fund--state learning assistance program allocation in the 2004-05 school year. The amount of the allocation in this section shall be sufficient to maintain the 2004-05 school year allocation.

(2) Increases in a school district's allocation above the 2004-05 school year level shall be directed to grades nine through twelve. Districts are encouraged to offer remediation courses in the summer for students who fail the tenth grade WASL.

(3) The general fund--federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.

(4) Small school districts are encouraged to make the most efficient use of the funding provided by using regional educational service district cooperatives to hire staff, provide professional development activities, and implement reading and mathematics programs consistent with research-based guidelines provided by the office of the superintendent of public instruction.

(5) A school district may carry over from one year to the next up to 10 percent of the general fund--state or education legacy trust

funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.

(6) School districts are encouraged to coordinate the use of these funds with other federal, state, and local sources to serve students who are below grade level and to make efficient use of resources in meeting the needs of students with the greatest academic deficits.

NEW SECTION. **Sec. 516. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR STUDENT ACHIEVEMENT PROGRAM**

Student Achievement Account--State Appropriation $629,356,000

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

(1) Funding for school district student achievement programs shall be allocated at a maximum rate of $300.00 per FTE student for the 2005-06 school year and $375.00 per FTE student for the 2006-07 school year. For the purposes of this section, FTE student refers to the annual average full-time equivalent enrollment of the school district in grades kindergarten through twelve for the prior school year, as reported to the office of the superintendent of public instruction by August 31st of the previous school year.

(2) The appropriation is allocated for the following uses as specified in RCW 28A.505.210:

(a) To reduce class size by hiring certificated elementary classroom teachers in grades K-4 and paying nonemployee-related costs associated with those new teachers;

(b) To make selected reductions in class size in grades 5-12, such as small high school writing classes;

(c) To provide extended learning opportunities to improve student academic achievement in grades K-12, including, but not limited to, extended school year, extended school day, before-and-after-school programs, special tutoring programs, weekend school programs, summer school, and all-day kindergarten;

(d) To provide additional professional development for educators including additional paid time for curriculum and lesson redesign and alignment, training to ensure that instruction is aligned with state standards and student needs, reimbursement for higher education costs related to enhancing teaching skills and knowledge, and mentoring programs to match teachers with skilled, master teachers. The funding

shall not be used for salary increases or additional compensation for existing teaching duties, but may be used for extended year and extended day teaching contracts;

(e) To provide early assistance for children who need prekindergarten support in order to be successful in school; or

(f) To provide improvements or additions to school building facilities which are directly related to the class size reductions and extended learning opportunities under (a) through (c) of this subsection (2).

(3) The superintendent of public instruction shall distribute the school year allocation according to the monthly apportionment schedule defined in RCW 28A.510.250.

NEW SECTION. **Sec. 517. K-12 CARRYFORWARD AND PRIOR SCHOOL YEAR ADJUSTMENTS.** State general fund and state student achievement fund appropriations provided to the superintendent of public instruction for state entitlement programs in the public schools in this part V of this act may be expended as needed by the superintendent for adjustments to apportionment for prior fiscal periods. Recoveries of state general fund moneys from school districts and educational service districts for a prior fiscal period shall be made as reductions in apportionment payments for the current fiscal period and shall be shown as prior year adjustments on apportionment reports for the current period. Such recoveries shall not be treated as revenues to the state, but as a reduction in the amount expended against the appropriation for the current fiscal period.

NEW SECTION. **Sec. 518. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION.** Appropriations made in this act to the office of superintendent of public instruction shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act.

(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 and described in sections 603 and 949 through 980 of this act 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, 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. Institutions of higher education shall report personnel data to the department of personnel for inclusion in the department's data warehouse. Uniform reporting procedures shall be established by the department of personnel for use by the reporting institutions, including provisions for common job classifications and common definitions of full-time equivalent staff. Annual contract amounts, number of contract months, and funding sources shall be consistently reported for employees under contract.

(3) The tuition fees, as defined in chapter 28B.15 RCW, charged to full-time students at the state's institutions of higher education for the 2005-06 and 2006-07 academic years, other than the summer term, shall be adjusted by the governing boards of the state universities, regional universities, The Evergreen State College, and the state board for community and technical colleges. Tuition fees may be increased in excess of the fiscal growth factor under RCW 43.135.055.

For the 2005-06 academic year, the governing boards of the state universities may implement an increase no greater than seven percent over tuition fees charged to full-time resident undergraduate students for the 2004-05 academic year. The governing boards of the regional universities and The Evergreen State College may implement an increase no greater than six percent over tuition fees charged to full-time resident undergraduate students for the 2004-05 academic year. The state board for community and technical colleges may implement an increase no greater than five percent over tuition fees charged to full-time resident students for the 2004-05 academic year.

For the 2006-07 academic year, the governing boards of the state universities may implement an increase no greater than seven percent over tuition fees charged to full-time resident undergraduate students for the 2005-06 academic year. The governing boards of the regional universities and The Evergreen State College may implement an increase no greater than six percent over tuition fees charged to full-time resident undergraduate students for the 2005-06 academic year. The state board for community and technical colleges may implement an increase no greater than five percent over tuition fees charged to full-time resident students for the 2005-06 academic year.

(4) For the 2005-07 biennium, the state board for community and

technical colleges may increase tuition fees differentially based on student credit hour load at their discretion.

(5) For the 2005-07 biennium, the governing boards and the state board may adjust full-time operating fees for factors that may include time of day and day of week, as well as delivery method and campus, to encourage full use of the state's educational facilities and resources.

(6) Technical colleges may increase their building fee in excess of the fiscal growth factor until parity is reached with the community colleges.

(7) In addition to waivers granted under the authority of RCW 28B.15.910, the governing boards and the state board may waive all or a portion of operating fees for any student. State general fund appropriations shall not be provided to replace tuition and fee revenue foregone as a result of waivers granted under this subsection.

(8) Pursuant to RCW 43.135.055, institutions of higher education receiving appropriations under sections 603 through 609 of this act are authorized to increase summer term tuition in excess of the fiscal growth factor during the 2005-07 biennium. Tuition levels increased pursuant to this subsection shall not exceed the per credit hour rate calculated from the academic year tuition levels adopted under this act.

(9) Pursuant to RCW 43.135.055, community and technical colleges are authorized to increase services and activities fee charges in excess of the fiscal growth factor during the 2005-2007 biennium. The services and activities fee charges increased pursuant to this subsection shall not exceed the maximum level authorized by the state board for community and technical colleges.

(10) Pursuant to RCW 43.135.055, the governing boards of the state universities, regional universities, and The Evergreen State College are authorized to increase application fees in excess of the fiscal growth factor during the 2005-2007 biennium. The application fee levels increased pursuant to this subsection shall not exceed fifty dollars per application.

NEW SECTION. **Sec. 602.** (1) The appropriations in sections 603 through 609 of this act provide state general fund support for full-time equivalent student enrollments at each institution of higher

education. Listed below are the annual full-time equivalent student enrollments by institutions assumed in this act.

	2005-06 Annual Average	2006-07 Annual Average
University of Washington		
Main campus	33,037	33,217
Bothell branch	1,340	1,540
Tacoma branch	1,644	1,869
Washington State University		
Main campus	18,695	18,910
Tri-Cities branch	675	700
Vancouver branch	1,353	1,678
Central Washington University	8,323	8,649
Eastern Washington University	8,593	8,919
The Evergreen State College	4,038	4,143
Western Washington University	11,559	11,729
State Board for Community and Technical Colleges	130,905	133,040

(2) For the state universities, the number of full-time equivalent student enrollments enumerated in this section for the branch campuses are the minimum required enrollment levels for those campuses. At the start of an academic year, the governing board of a state university may transfer full-time equivalent student enrollments from the main campus to one or more branch campus. Intent notice shall be provided to the office of financial management and reassignment of funded enrollment is contingent upon satisfying data needs of the forecast division who is responsible to track and monitor state-supported college enrollment.

NEW SECTION. **Sec. 603. FOR THE STATE BOARD FOR COMMUNITY AND**

TECHNICAL COLLEGES

General Fund--State Appropriation (FY 2006) $556,499,000
General Fund--State Appropriation (FY 2007) $556,220,000
Administrative Contingency Account--State
Appropriation $2,950,000
Education Legacy Trust--State Appropriation $46,669,000
TOTAL APPROPRIATION $1,172,338,000

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

(1) The technical colleges may increase tuition and fees in excess of the fiscal growth factor to conform with the percentage increase in community college operating fees.

(2) $539,000 of the general fund--state appropriation for fiscal year 2006 and $540,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the displaced homemakers program.

(3) Access to baccalaureate and graduate degree programs continues to be limited for residents of North Snohomish, Island, and Skagit counties. The higher education consortium created to serve the region has not been able to successfully address the region's access needs. The university center model of service delivery, centered on a community college campus with a single point of accountability, has proven more effective in developing degree programs and attracting students.

Therefore, the management and leadership responsibility for consortium operations are assigned to Everett community college. Everett community college shall collaborate with community and business leaders, other local community colleges, the public four-year institutions of higher education, and the higher education coordinating board to develop an educational plan for the North Snohomish, Island, and Skagit county region based on the university center model.

(4) $50,000 of the general fund--state appropriation for fiscal year 2006 and $50,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for higher education student child care matching grants under chapter 28B.135 RCW.

(5) $28,761,000 of the general fund--state appropriation for fiscal year 2006 and $28,761,000 of the general fund--state appropriation for fiscal year 2007 are provided solely as special funds for training and

related support services, including financial aid, as specified in chapter 226, Laws of 1993 (employment and training for unemployed workers). Funding is provided to support up to 6,200 full-time equivalent students in each fiscal year.

(6) $2,000,000 of the education legacy trust appropriation for fiscal year 2006 and $2,000,000 of the education legacy trust appropriation for fiscal year 2007 are provided solely for basic skills education at community and technical colleges and community-based providers. These funds may be used to align or integrate adult basic education and English as a second language courses with vocational training.

(7) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the community and technical colleges as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, the state board for community and technical colleges shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

(a) Increase the number of academic students who are eligible to transfer to baccalaureate institutions;

(b) Increase the number of students prepared for work; and

(c) Increase the number of basic skills students who demonstrate substantive skill gain.

Specific six-year targets for the goals stated in this subsection shall be established by the state board and the office of financial management and shall be determined based on the per student funding level assumed in this act.

The state board for community and technical colleges shall provide a summary of the progress and ongoing efforts toward meeting the provisions of this section to the governor and the appropriate fiscal and policy committees of the legislature prior to November 1, 2006.

(8) $11,070,000 of the education legacy trust appropriation for fiscal year 2006 and $22,599,000 of the education legacy trust appropriation for fiscal year 2007 are provided to increase budgeted

enrollments by 2,050 student FTEs in academic year 2006 and an additional 2,135 student FTEs in academic year 2007. By December 15th of each year of the 2005-07 fiscal biennium, the board shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs enrolled with the funding provided in this subsection.

(9) $2,250,000 of the education legacy trust appropriation for fiscal year 2006 and $2,250,000 of the education legacy trust appropriation for fiscal year 2007 are provided solely to increase salaries and related benefits for part-time faculty. A college district may match the state funds with local revenue. The board shall report by January 30, 2006, to the office of financial management and the appropriate fiscal and policy committees of the legislature on (a) the distribution of state funds, and (b) wage adjustments for part-time faculty.

(10) $2,250,000 of the education legacy trust appropriation for fiscal year 2006 and $2,250,000 of the education legacy trust appropriation for fiscal year 2007 are provided solely for faculty salary increments and associated benefits and may be used in combination with salary and benefit savings from faculty turnover to provide salary increments and associated benefits for faculty who qualify through professional development and training. To the extent general salary increase funding is used to pay faculty increments, the general salary increase shall be reduced by the same amount.

(11) $2,950,000 of the administrative contingency account--state appropriation is provided solely for administration and customized training contracts through the job skills program, which shall be made available broadly and not to the exclusion of private nonprofit baccalaureate degree granting institutions or vocational arts career schools operating in Washington state who partner with a firm, hospital, group, or industry association concerned with commerce, trade, manufacturing, or the provision of services to train current or prospective employees. The state board shall make an annual report by January 1 of each fiscal year to the governor and appropriate policy and fiscal committees of the legislature regarding the implementation of this section listing the scope of grant awards, the distribution of funds by educational sector and region of the state, and the successful partnerships supported by these state funds.

NEW SECTION. **Sec. 604. FOR THE UNIVERSITY OF WASHINGTON**

General Fund--State Appropriation (FY 2006) $336,644,000
General Fund--State Appropriation (FY 2007) $344,118,000
General Fund--Private/Local Appropriation $300,000
Accident Account--State Appropriation $6,204,000
Medical Aid Account--State Appropriation $6,141,000
Education Legacy Trust--State Appropriation $10,748,000
TOTAL APPROPRIATION $704,155,000

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

(1) $165,000 of the general fund--state appropriation for fiscal year 2006 and $165,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the Puget Sound work plan and agency action item UW-01.

(2) $300,000 of the general fund--private/local appropriation is provided solely for shellfish biotoxin monitoring as specified in chapter 263, Laws of 2003 (SSB 6073, shellfish license fee).

(3) $3,057,000 of the education legacy trust appropriation for fiscal year 2006 and $7,691,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy for 360 new enrollments at the Seattle campus, 325 new enrollments at the Tacoma campus, and 275 new enrollments at the Bothell campus. By December 15th of each year of the 2005-07 fiscal biennium, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(4) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the university as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, the University of Washington shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

(a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;

(b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;

(c) Improve freshman retention rates;

(d) Improve and sustain the quality of its degree programs as measured by the number of programs that are ranked in the top twenty nationally;

(e) Sustain the quality of its research programs as measured by the national ranking for federal research grants received; and

(f) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before October 1, 2006, the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to November 1, 2006.

(5) $200,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to assist the transition of University of Washington-Tacoma and University of Washington-Bothell from branch campuses serving upper-division students, to four-year campuses serving freshmen, sophomores, and upper-division students. Funds may be used to develop curricula, recruit new faculty, and expand student services. Consistent with the recommendations of the higher education coordinating board, UW-Tacoma and UW-Bothell may begin enrolling lower-division students beginning in fiscal year 2007.

(6) $30,000 of the general fund--state appropriation for fiscal year 2006 and $30,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for research on labor and economic issues in Washington state through the Harry Bridges center.

(7) $146,000 of the general fund--state appropriation for fiscal year 2006 and $146,000 of the general fund--state appropriation for the

fiscal year 2007 are provided solely to the Burke Museum to enhance the museum's public outreach capabilities.

(8) $125,000 of the general fund--state appropriation for fiscal year 2006 and $125,000 of the general fund--state appropriation for the fiscal year 2007 are provided solely to the institute for learning and brain sciences (ILABS) to develop a partnership, linking ILABS to policymakers, private sectors and user-groups.

(9) The University of Washington medical center shall provide inpatient and outpatient hospital services to offenders confined in department of corrections facilities at a rate no greater than the average rate that the department of corrections has negotiated with other community hospitals in Washington state.

(10) $75,000 of the general fund--state appropriation for fiscal year 2006 and $75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Olympic natural resources center.

(11) $350,000 of the general fund--state appropriation for fiscal year 2006 and $350,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to maintain the autism center at the University of Washington-Tacoma campus. The facility will continue to function as a satellite facility to the autism center at the University of Washington medical center in Seattle and provide clinical service and professional training.

NEW SECTION. **Sec. 605. FOR WASHINGTON STATE UNIVERSITY**

General Fund--State Appropriation (FY 2006) $206,494,000
General Fund--State Appropriation (FY 2007) $211,870,000
Education Legacy Trust--State Appropriation $11,162,000
TOTAL APPROPRIATION $429,526,000

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

(1) $210,000 of the general fund--state appropriation for fiscal year 2006 and $210,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the Puget Sound work plan and agency action item WSU-01.

(2) $2,741,000 of the education legacy trust appropriation for fiscal year 2006 and $6,900,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy

for 430 new enrollments at the Pullman campus, 450 new enrollments at the Vancouver campus, and 25 new enrollments at the Tri-Cities campus. By December 15th of each year of the 2005-07 fiscal biennium, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(3) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the university as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, Washington State University shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

(a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;

(b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;

(c) Improve freshman retention rates;

(d) Improve and sustain the quality of its degree programs as measured by the number of programs that are ranked in the top twenty nationally;

(e) Sustain the quality of its research programs as measured by the national ranking for federal research grants received; and

(f) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before October 1, 2006 the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board

shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to November 1, 2006.

(4) $507,000 of the education legacy trust appropriation for fiscal year 2006 and $1,014,000 of the education legacy trust appropriation for fiscal year 2007 are provided solely to expand the entering class of veterinary medicine students by 16 resident student FTEs each academic year during the 2005-2007 biennium.

(5) $350,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to assist the transition of Washington State University-Vancouver from a branch campus serving only upper-division students, to a four-year campus serving freshmen, sophomores, and upper-division students. Funds may be used to develop curricula, recruit new faculty, and expand student services. Consistent with the recommendations of the higher education coordinating board, WSU-Vancouver may begin enrolling lower-division students beginning in fiscal year 2007.

(6) The university shall give consideration to reprioritizing agricultural research funding to allow for expansion of the center for precision agricultural systems and development of the biologically intensive and organic agriculture program.

(7) $25,000 of the general fund--state appropriation for fiscal year 2006 and $25,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to study the cost of complying with vehicle licensing and registration laws. Funding is subject to the passage of House Bill No. 1241 (modifying vehicle licensing and registration penalties). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(8) $42,000 of the general fund--state appropriation for fiscal year 2006 and $43,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement Senate Bill No. 5101 (providing incentives to support renewable energy). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(9) $200,000 of the general fund--state appropriation for fiscal year 2006 and $200,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to conduct research on alternatives for controlling ghost shrimp in Willapa bay.

NEW SECTION. **Sec. 606. FOR EASTERN WASHINGTON UNIVERSITY**

General Fund--State Appropriation (FY 2006) $46,137,000
General Fund--State Appropriation (FY 2007) $47,069,000
Education Legacy Trust--State Appropriation $6,461,000
TOTAL APPROPRIATION $99,667,000

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

(1) $2,147,000 of the education legacy trust appropriation for fiscal year 2006 and $4,314,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy for 650 new enrollments. By December 15th of each year of the 2005-07 fiscal biennium, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(2) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the university as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, Eastern Washington University shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

(a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;

(b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;

(c) Improve freshman retention rates;

(d) Improve and sustain the quality of its degree programs as measured by the number of programs that receive national accreditation; and

(e) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection

shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before October 1, 2006, the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to November 1, 2006.

(3) $212,000 of the general fund--state appropriation for fiscal year 2006 and $213,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the northeast autism center to provide community based approaches to assisting children and adults with autism spectrum disorder and to include the establishment of a preschool at Eastern Washington University to serve children identified with autism spectrum disorder.

NEW SECTION. **Sec. 607. FOR CENTRAL WASHINGTON UNIVERSITY**

General Fund--State Appropriation (FY 2006) $45,379,000
General Fund--State Appropriation (FY 2007) $46,739,000
Education Legacy Trust--State Appropriation $6,461,000
TOTAL APPROPRIATION $98,579,000

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

(1) $2,147,000 of the education legacy trust appropriation for fiscal year 2006 and $4,314,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy for 650 new enrollments. By December 15th of each year of the 2005-07 fiscal biennium, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(2) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues

that will be generated and retained by the university as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, Central Washington University shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

(a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;

(b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;

(c) Improve freshman retention rates;

(d) Improve and sustain the quality of its degree programs as measured by the number of programs that receive national accreditation; and

(e) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before October 1, 2006, the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to November 1, 2006.

(3) For the 2006-07 and 2007-08 academic years, the legislature hereby increases the limit on total gross authorized operating fees revenue waived, exempted, or reduced by Central Washington University pursuant to RCW 28B.15.910 to eleven percent.

NEW SECTION. **Sec. 608. FOR THE EVERGREEN STATE COLLEGE**

General Fund--State Appropriation (FY 2006) $25,586,000
General Fund--State Appropriation (FY 2007) $26,174,000
Education Legacy Trust--State Appropriation $2,116,000
TOTAL APPROPRIATION $53,876,000

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

(1) $705,000 of the education legacy trust appropriation for fiscal year 2006 and $1,411,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy for 210 new enrollments. By December 15th of each year of the 2005-07 fiscal biennium, the college shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(2) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the college as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, The Evergreen State College shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

(a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;

(b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;

(c) Improve freshman retention rates;

(d) Improve and sustain the quality of its degree programs as measured by the number of programs that receive national accreditation;

(e) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before October 1, 2006, the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board

shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to November 1, 2006.

(3) $40,000 of the general fund--state appropriation for fiscal year 2006 and $10,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Washington state institute for public policy to conduct an analysis of the availability, services, and effectiveness of programs in community and technical colleges that serve the educational needs of recent immigrant students who are not proficient in English and who are or have been enrolled in high school but have not met graduation requirements. The analysis shall include, but not be limited to, the type of programs provided, the geographic availability of programs, the identification of best practices, how the programs are funded, and the effectiveness of the programs. The analysis shall also include recommendations for improving the programs to better meet the needs of recent immigrant students and for expanding the availability of programs statewide. A report shall be submitted to the fiscal and education committees of the legislature, the superintendent of public instruction, and the state board for community and technical colleges by December 1, 2006.

(4) $170,000 of the general fund--state appropriation for fiscal year 2006 and $140,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for sections 217 and 605 of Senate Bill No. 5763 (mental disorders treatment). If neither section 217 nor section 605 is enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

NEW SECTION. **Sec. 609. FOR WESTERN WASHINGTON UNIVERSITY**

General Fund--State Appropriation (FY 2006) $58,896,000
General Fund--State Appropriation (FY 2007) $60,514,000
Education Legacy Trust--State Appropriation $3,475,000
TOTAL APPROPRIATION $122,885,000

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

(1) $1,158,000 of the education legacy trust appropriation for fiscal year 2006 and $2,317,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy for 340 new enrollments. By December 15th of each year of the 2005-07

fiscal biennium, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(2) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the university as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, Western Washington University shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

(a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;

(b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;

(c) Improve freshman retention rates;

(d) Improve and sustain the quality of its degree programs as measured by the number of programs that receive national accreditation; and

(e) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before October 1, 2006, the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to November 1, 2006.

(3) Access to baccalaureate and graduate degree programs continues to be limited for residents of North Snohomish, Island, and Skagit

counties. The higher education consortium created to serve the region has not been able to successfully address the region's access needs. The university center model of service delivery, centered on a community college campus with a single point of accountability, has proven more effective in developing degree programs and attracting students.

Therefore, the management and leadership responsibility for consortium operations are assigned to Everett community college. Everett community college shall collaborate with community and business leaders, other local community colleges, the public four-year institutions of higher education, and the higher education coordinating board to develop an educational plan for the North Snohomish, Island, and Skagit county region based on the university center model.

NEW SECTION. **Sec. 610. FOR THE HIGHER EDUCATION COORDINATING BOARD--POLICY COORDINATION AND ADMINISTRATION**

General Fund--State Appropriation (FY 2006) $2,665,000
General Fund--State Appropriation (FY 2007) $2,684,000
General Fund--Federal Appropriation $4,289,000
TOTAL APPROPRIATION $9,638,000

The appropriations in this section are subject to the following conditions and limitations: $300,000 of the general fund--state appropriation for fiscal year 2006 and $300,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to develop college readiness standards for English and science.

NEW SECTION. **Sec. 611. FOR THE HIGHER EDUCATION COORDINATING BOARD--FINANCIAL AID AND GRANT PROGRAMS**

General Fund--State Appropriation (FY 2006) $159,363,000
General Fund--State Appropriation (FY 2007) $164,634,000
General Fund--Federal Appropriation $13,073,000
Education Legacy Trust--State Appropriation $62,910,000
TOTAL APPROPRIATION $399,980,000

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

(1) $299,000 of the general fund--state appropriation for fiscal year 2006 and $308,000 of the general fund--state appropriation for

fiscal year 2007 are provided solely for the western interstate commission for higher education.

(2) $75,000 of the general fund--state appropriation for fiscal year 2006 and $75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for higher education student child care matching grants under chapter 28B.135 RCW.

(3) $25,000 of the general fund--state appropriation for fiscal year 2006 and $25,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the benefit of students who participate in college assistance migrant programs (CAMP) operating in Washington state. To ensure timely state aid, the board may establish a date after which no additional grants would be available for the 2005-06 and 2006-07 academic years. The board shall disperse grants in equal amounts to eligible post-secondary institutions so that state money in all cases supplements federal CAMP awards.

(4) $124,901,000 of the general fund--state appropriation for fiscal year 2006, $134,506,000 of the general fund--state appropriation for fiscal year 2007, $28,400,000 of the education legacy trust appropriation for fiscal year 2006, and $31,654,000 of the education legacy trust appropriation for fiscal year 2007 are provided solely for the state need grant program. After April 1st of each fiscal year, up to one percent of the annual appropriation for the state need grant program may be transferred to the state work study program.

(5) $250,000 of the general fund--state appropriation for fiscal year 2006 and $250,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement House Bill No. 1345 (part-time student financial aid). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse. The board may not expend more than the amount provided in this subsection to implement the bill.

(6) $75,000 of the general fund--state appropriation for fiscal year 2006 and $75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Second Substitute House Bill No. 1050 (foster care endowed scholarship program). The purpose of the program is to help students who are or were in foster care attend an institution of higher education in the state of Washington. If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(7) $250,000 of the general fund--state appropriation for fiscal year 2006 and $250,000 of the general fund--state appropriation for the fiscal year 2007 are provided solely to support the future teachers' conditional scholarship and loan repayment program.

(8) $17,048,000 of the general fund--state appropriation for fiscal year 2006, $17,048,000 of the general fund--state appropriation for fiscal year 2007, $863,000 of the education legacy trust appropriation for fiscal year 2006, and $1,993,000 of the education legacy trust appropriation for fiscal year 2007 are provided solely for the state work study program. After April 1st of each fiscal year, up to one percent of the annual appropriation for the state work study program may be transferred to the state need grant program. In addition to the administrative allowance in subsection (11) of this section, four percent of the general fund--state amount in this subsection may be expended for state work study program administration.

(9) $2,867,000 of the general fund--state appropriation for fiscal year 2006 and $2,867,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for educational opportunity grants pursuant to chapter 233, Laws of 2003 (ESB 5676). The board may deposit sufficient funds from its appropriation into the state education trust fund as established in RCW 28B.10.821 to provide a one-year renewal of the grant for each new recipient of the educational opportunity grant award.

(10) $2,384,000 of the general fund--state appropriation for fiscal year 2006 and $2,361,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement the Washington scholars program. Any Washington scholars program moneys not awarded by April 1st of each year may be transferred by the board to the Washington award for vocational excellence. Amounts provided in this subsection are sufficient for the higher education coordinating board to select three Washington scholars in fiscal year 2006 and two Washington scholars in fiscal year 2007 from each legislative district under the provisions of RCW 28A.600.100 through 28A.600.150.

(11) $794,000 of the general fund--state appropriation for fiscal year 2006 and $847,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement Washington award for vocational excellence program. Any Washington award for vocational

program moneys not awarded by April 1st of each year may be transferred by the board to the Washington scholars program.

(12) $246,000 of the general fund--state appropriation for fiscal year 2006 and $246,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for community scholarship matching grants of $2,000 each and up to a total of $46,000 per year in grants for nonprofit community organizations with preference given to organizations affiliated with scholarship America to administer the scholarship matching grants. To be eligible for the matching grant, a nonprofit community organization organized under section 501(c)(3) of the internal revenue code must demonstrate that it has raised $2,000 in new moneys for college scholarships after the effective date of this section. An organization may receive more than one $2,000 matching grant and preference shall be given to organizations affiliated with scholarship America.

(13) Subject to state need grant service requirements pursuant to chapter 28B.119 RCW, $4,265,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the Washington promise scholarship program. The Washington promise scholarship program is terminated following fiscal year 2006. No Washington promise scholarship awards may be offered to students beyond the graduating high school class of 2004.

(14) $2,963,000 of the general fund--state appropriation for fiscal year 2006 and $2,958,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for financial aid administration, in addition to the four percent cost allowance provision for state work study under subsection (5) of this section. These funds are provided to administer all the financial aid and grant programs assigned to the board by the legislature and administered by the agency. To the extent the executive director finds the agency will not require the full sum provided in this subsection, a portion may be transferred to supplement financial grants-in-aid to eligible clients after notifying the board and the office of financial management of the intended transfer.

NEW SECTION. **Sec. 612. FOR THE WORK FORCE TRAINING AND EDUCATION COORDINATING BOARD**

General Fund--State Appropriation (FY 2006) $1,225,000
General Fund--State Appropriation (FY 2007) $1,231,000

General Fund--Federal Appropriation $53,890,000
TOTAL APPROPRIATION $56,346,000

NEW SECTION. **Sec. 613. FOR THE SPOKANE INTERCOLLEGIATE RESEARCH AND TECHNOLOGY INSTITUTE**

General Fund--State Appropriation (FY 2006) $1,446,000
General Fund--State Appropriation (FY 2007) $1,476,000
TOTAL APPROPRIATION $2,922,000

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

The legislature finds that economic development, especially in emerging technologies, is critical to Spokane and Eastern Washington. The principal goal of the state's investment in the Spokane intercollegiate research and technology institute (SIRTI) is to bridge the gap between academic discovery and economic development, thereby leveraging the state's investment in research. However, it is essential to find appropriate ways to mark the success of these efforts. By September 15, 2005, SIRTI shall develop a plan for review by the house of representatives higher education committee and the senate labor, commerce, research and development committee, describing the agency's strategy and budget for commercial application of academic research. The plan shall include actions to be taken to select, develop, commercialize, and graduate clients. The plan shall also detail how to measure significant impacts to the overall economic climate of the Spokane region, including job creation and wages, that are attributable to SIRTI.

NEW SECTION. **Sec. 614. FOR THE WASHINGTON STATE ARTS COMMISSION**

General Fund--State Appropriation (FY 2006) $2,322,000
General Fund--State Appropriation (FY 2007) $2,349,000
General Fund--Federal Appropriation $1,300,000
General Fund--Private/Local Appropriation (FY 2007) $1,000
TOTAL APPROPRIATION $5,972,000

NEW SECTION. **Sec. 615. FOR THE WASHINGTON STATE HISTORICAL SOCIETY**

General Fund--State Appropriation (FY 2006) $3,408,000
General Fund--State Appropriation (FY 2007) $2,757,000

TOTAL APPROPRIATION $6,165,000

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

(1) $102,000 of the general fund--state appropriation for fiscal year 2006 and $95,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement Senate Bill No. 5707 (women's history consortium). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(2) $262,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to coordinate and fund programs related to the Lewis and Clark bicentennial commemoration.

(3) $155,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for reimbursement of costs incurred by the Pacific county sheriff's office resulting from Lewis and Clark bicentennial commemoration events.

(4) $100,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for reimbursement of costs incurred by local law enforcement resulting from Lewis and Clark bicentennial commemoration events scheduled in the cities of Clarkston, Dayton, Kennewick, Stevenson, Toppenish, and Vancouver.

NEW SECTION. **Sec. 616. FOR THE EASTERN WASHINGTON STATE HISTORICAL SOCIETY**

General Fund--State Appropriation (FY 2006) $1,636,000
General Fund--State Appropriation (FY 2007) $1,630,000
TOTAL APPROPRIATION $3,266,000

NEW SECTION. **Sec. 617. FOR THE STATE SCHOOL FOR THE BLIND**

General Fund--State Appropriation (FY 2006) $5,133,000
General Fund--State Appropriation (FY 2007) $5,251,000
General Fund--Private/Local Appropriation $1,335,000
TOTAL APPROPRIATION $11,719,000

NEW SECTION. **Sec. 618. FOR THE STATE SCHOOL FOR THE DEAF**

General Fund--State Appropriation (FY 2006) $8,419,000
General Fund--State Appropriation (FY 2007) $8,613,000

General Fund--Private/Local Appropriation $232,000

TOTAL APPROPRIATION $17,264,000

(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 2006) $694,444,000
General Fund--State Appropriation (FY 2007) $668,119,000
State Building Construction Account--State
Appropriation $3,924,000
State Taxable Building Construction
Account--State Appropriation $139,000
Gardner-Evans Higher Education Construction
Account--State Appropriation $1,215,000
Debt-limit General Fund Bond Retirement
Account--State Appropriation $4,113,000
Debt-Limit Reimbursable Bond Retirement
Account--State Appropriation $2,583,000
TOTAL APPROPRIATION $1,374,537,000

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 2006 shall be deposited in the debt-limit general fund bond retirement account by June 30, 2006.

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 $29,411,000
Accident Account--State Appropriation $5,111,000
Medical Aid Account--State Appropriation $5,111,000
TOTAL APPROPRIATION $39,633,000

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 2006) $24,588,000
General Fund--State Appropriation (FY 2007) $26,743,000
Nondebt-Limit Reimbursable Bond Retirement
Account--State Appropriation $131,844,000
TOTAL APPROPRIATION $183,175,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriation is for deposit into the nondebt-limit general fund bond retirement account.

NEW SECTION. **Sec. 704. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES**

General Fund--State Appropriation (FY 2006) $1,357,000
General Fund--State Appropriation (FY 2007) $1,357,000
State Building Construction Account--State Appropriation . $1,080,000
State Taxable Building Construction
Account--State Appropriation $13,000
Gardner-Evans Higher Education Construction
Account--State Appropriation $452,000
TOTAL APPROPRIATION $4,259,000

NEW SECTION. **Sec. 705. FOR THE OFFICE OF FINANCIAL MANAGEMENT--FIRE CONTINGENCY POOL**

Disaster Response Account--State Appropriation $4,000,000

The sum of $4,000,000 is appropriated from the disaster response account for the purpose of making allocations to the Washington state patrol for fire mobilizations costs or to the department of natural resources for fire suppression costs.

NEW SECTION. **Sec. 706. FOR THE OFFICE OF FINANCIAL MANAGEMENT--EMERGENCY FUND**

General Fund--State Appropriation (FY 2006) $850,000
General Fund--State Appropriation (FY 2007) $850,000
TOTAL APPROPRIATION $1,700,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are for the governor's emergency fund for the critically necessary work of any agency.

NEW SECTION. **Sec. 707. FOR THE OFFICE OF FINANCIAL MANAGEMENT--SEX OFFENDER SENTENCING IMPACT**

General Fund--State Appropriation (FY 2006) $45,000
General Fund--State Appropriation (FY 2007) $792,000
TOTAL APPROPRIATION $837,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for distribution to counties to pay for the costs of implementing chapter 176, Laws of 2004, which makes amendments to the special sex offender sentencing alternative.

NEW SECTION. **Sec. 708. FOR THE OFFICE OF FINANCIAL MANAGEMENT--SMALL AGENCY INFORMATION TECHNOLOGY POOL**

General Fund--State Appropriation (FY 2006) $500,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for deposit into the data processing revolving account.

NEW SECTION. **Sec. 709. FOR THE OFFICE OF FINANCIAL MANAGEMENT--CAPITOL BUILDING CONSTRUCTION ACCOUNT**

General Fund--State Appropriation (FY 2006) $600,000
General Fund--State Appropriation (FY 2007) $1,000,000
TOTAL APPROPRIATION $1,600,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for deposit in the capitol building construction account.

NEW SECTION. **Sec. 710. FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT--COUNTY PUBLIC HEALTH ASSISTANCE**

Health Services Account--State Appropriation $48,000,000

The appropriation in this section is subject to the following conditions and limitations: The director of the department of

community, trade, and economic development shall distribute the appropriations to the following counties and health districts in the amounts designated:

Health District	FY 2006	FY 2007	FY 2005-07 Biennium
Adams County Health District	$30,951	$30,951	$61,902
Asotin County Health District	$67,714	$67,714	$135,428
Benton-Franklin Health District	$1,165,612	$1,165,612	$2,331,224
Chelan-Douglas Health District	$184,761	$184,761	$369,522
Clallam County Health and Human Services Department	$141,752	$141,752	$283,504
Southwest Washington Health District	$1,084,473	$1,084,473	$2,168,946
Columbia County Health District	$40,529	$40,529	$81,058
Cowlitz County Health Department	$278,560	$278,560	$557,120
Garfield County Health District	$15,028	$15,028	$30,056
Grant County Health District	$118,595	$118,595	$237,191
Grays Harbor Health Department	$183,870	183,870	$367,740
Island County Health Department	$91,892	$91,892	$183,784
Jefferson County Health and Human Services	$85,782	$85,782	$171,564
Seattle-King County Department of Public Health	$9,531,747	$9,531,747	$19,063,494
Bremerton-Kitsap County Health District	$554,669	$554,669	$1,109,338
Kittitas County Health Department	$92,499	$92,499	$184,998
Klickitat County Health Department	$62,402	$62,402	$124,804
Lewis County Health Department	$105,801	$105,801	$211,602
Lincoln County Health Department	$29,705	$29,705	$59,410
Mason County Department of Health Services	$95,988	$95,988	$191,976
Okanogan County Health District	$63,458	$63,458	$126,916
Pacific County Health Department	$77,427	$77,427	$154,854
Tacoma-Pierce County Health Department	$2,820,590	$2,820,590	$5,641,180
San Juan County Health and Community Services	$37,531	$37,531	$75,062
Skagit County Health Department	$223,927	$223,927	$447,854
Snohomish Health District	$2,258,207	$2,258,207	$4,516,414
Spokane County Health District	$2,101,429	$2,101,429	$4,202,858
Northeast Tri-County Health District	$110,454	$110,454	$220,908
Thurston County Health Department	$600,419	$600,419	$1,200,838
Wahkiakum County Health Department	$13,773	$13,772	$27,545
Walla Walla County-City Health Department	$172,062	$172,062	$344,124

Whatcom County Health Department	$855,863	$855,863	$1,711,726
Whitman County Health Department	$78,733	$78,733	$157,466
Yakima Health District	$623,797	$623,797	$1,247,594
TOTAL APPROPRIATIONS	$24,000,000	$24,000,000	$48,000,000

NEW SECTION. **Sec. 711. BELATED CLAIMS.** The agencies and institutions of the state may expend moneys appropriated in this act, upon approval of the office of financial management, for the payment of supplies and services furnished to the agency or institution in prior fiscal biennia.

NEW SECTION. **Sec. 712.** A new section is added to 2003 1st sp.s. c 25 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--INDIVIDUAL DEVELOPMENT ACCOUNT

General Fund--State Appropriation (FY 2006) $510,000
General Fund--State Appropriation (FY 2007) $511,000
TOTAL APPROPRIATION $1,021,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for deposit in the individual development account. If House Bill No. 1408 is not enacted by June 30, 2005, these amounts shall lapse.

NEW SECTION. **Sec. 713. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--CONTRIBUTIONS TO RETIREMENT SYSTEMS.** The appropriations in this section are subject to the following conditions and limitations: The appropriations for the law enforcement officers' and firefighters' retirement system shall be made on a monthly basis beginning July 1, 2005, consistent with chapter 41.45 RCW, and the appropriations for the judges and judicial retirement systems shall be made on a quarterly basis consistent with chapters 2.10 and 2.12 RCW.

(1) There is appropriated for state contributions to the law enforcement officers' and fire fighters' retirement system:

General Fund--State Appropriation (FY 2006) $32,450,000
General Fund--State Appropriation (FY 2007) $38,550,000

(a) $100,000 of the general fund--state appropriations for fiscal year 2006 and $200,000 of the general fund--state appropriations for

fiscal year 2007 are provided solely to implement Substitute House Bill No. 1936 (emergency medical technicians). If the bill is not enacted by June 30, 2005, the amounts provided shall lapse.

(b) $950,000 of the general fund--state appropriation for fiscal year 2006 and $950,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the state contributions required under Substitute Senate Bill No. 5615 (law enforcement officers' and fire fighters' retirement system plan 2 disability benefit). If the bill is not enacted by June 30, 2005, the amounts provided shall lapse.

(2) There is appropriated for contributions to the judicial retirement system:

General Fund--State Appropriation (FY 2006) $6,000,000
General Fund--State Appropriation (FY 2007) $6,000,000

(3) There is appropriated for contributions to the judges retirement system:

General Fund--State Appropriation (FY 2006) $300,000
General Fund--State Appropriation (FY 2007) $300,000
TOTAL APPROPRIATION $83,600,000

NEW SECTION. **Sec. 714. FOR THE OFFICE OF FINANCIAL MANAGEMENT--EDUCATION TECHNOLOGY REVOLVING ACCOUNT**

General Fund--State Appropriation (FY 2006) $6,840,000
General Fund--State Appropriation (FY 2007) $6,840,000
TOTAL APPROPRIATION $13,680,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for deposit in the education technology revolving account for the purpose of covering ongoing operational and equipment replacement costs incurred by the K-20 educational network program in providing telecommunication services to network participants.

NEW SECTION. **Sec. 715. FOR THE OFFICE OF FINANCIAL MANAGEMENT--BASE REALIGNMENT AND CLOSURE ASSISTANCE**

General Fund--State Appropriation (FY 2006) $150,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for

grants to support projects in Island county, Kitsap county, Pierce county, Snohomish county, and Spokane county when a military base in that county is at risk of being identified for closure on the federal base realignment and closure process. The office of financial management shall establish a process for selecting projects for funding based on criteria used to determine the federal base realignment and closure list and recommendations by the department of community, trade, and economic development and the military department. Final allocation of the grants shall be at the discretion and with the approval of the director of the office of financial management.

NEW SECTION. **Sec. 716. FOR THE GOVERNOR--LIFE SCIENCES DISCOVERY FUND AUTHORITY**

General Fund--State Appropriation (FY 2006) $150,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for a grant to the life sciences discovery fund authority to be used in accordance with Engrossed Second Substitute Senate Bill No. 5581 (life sciences). If the bill is not enacted by June 30, 2005, the appropriation in this section shall lapse.

NEW SECTION. **Sec. 717. DOUBLE-FILLED PERSONNEL POSITIONS.** From appropriations in this act, the director of financial management shall reduce general fund--state appropriations for fiscal year 2006 by $1,333,000 and general fund--state appropriations for fiscal year 2007 by $2,667,000 to reflect the elimination of double-filled personnel positions in which two or more persons occupy the same position in the state personnel system. The allotment reductions shall be placed in unallotted status and remain unexpended.

NEW SECTION. **Sec. 718. CRITICAL HIGH DEMAND EMPLOYEES.** From the funds placed in unallotted status under section 717 of this act, the office of financial management may allot up to $1,333,000 for fiscal year 2006 and $2,667,000 for fiscal year 2007 to meet critical staffing needs of state agencies, particularly need for employees with high degrees of technical skill in high-demand nonmanagerial occupations. In no event may any of these funds be used, directly or indirectly, to increase employee compensation.

NEW SECTION. **Sec. 719. FOR THE OFFICE OF THE GOVERNOR--JOINT TASK FORCE ON MENTAL HEALTH**

General Fund--State Appropriation (FY 2006) $25,000
General Fund--State Appropriation (FY 2007) $25,000
TOTAL APPROPRIATION $50,000

The appropriations in this section are subject to the following conditions and limitations: Amounts are provided for the task force created in House Bill No. 1290 (community mental health). If House Bill No. 1290 is not enacted by June 30, 2005, the amounts provided in this section shall lapse.

NEW SECTION. **Sec. 720. STRATEGIC PURCHASING STRATEGY.** (1) The office of financial management shall work with the appropriate state agencies to generate savings of $50,000,000, of which $25,000,000 shall be from the state general fund, that can arise from a strategic purchasing strategy. From appropriations in this act, the office of financial management shall reduce general fund--state allotments by $8 million for fiscal year 2006 and by $17 million for fiscal year 2007 to reflect the savings from the strategic purchasing strategy. The allotment reductions shall be placed in unallotted status and remain unexpended.

(2) The department of general administration, with the assistance of the department of information services and the department of printing and in consultation with the office of financial management, shall conduct an analysis of the state's purchasing processes to identify the most reasonable strategy of attaining a statewide savings target of $50,000,000 without affecting direct program activities. The analysis shall identify savings by agency and fund that will result from the implementation of a strategic purchasing strategy. The results of this analysis shall then be provided to the director of financial management by October 1, 2005, so the director may use it as the basis to achieve the savings identified in subsection (1) of this section.

(3) Before the purchase of goods and services, all state agencies and higher education institutions shall first consider the utilization of current or existing master contracts. All state agencies and higher education institutions shall strive to use master contracts when that

use is consistent with the agency's requirements and purchase is financially cost-effective.

NEW SECTION. **Sec. 721. WASHINGTON MANAGEMENT SERVICES MIDDLE MANAGEMENT REDUCTION.** (1) Appropriations made in this act assume the reduction of 1,000 middle managers.

(2) The office of financial management shall report to the fiscal committees of the legislature on the implementation of reduction no later than June 30, 2006, and again no later than June 30, 2007. The report will include the following information for each position eliminated: (a) Job classification; (b) date the position was eliminated; (c) the amount saved by fund source; (d) whether the employee who previously held the vacated position still works in another position within the agency; and (e) whether the employee who previously held the vacated position still works in any other state agency.

NEW SECTION. **Sec. 722. FOR THE OFFICE OF FINANCIAL MANAGEMENT--EXTRAORDINARY CRIMINAL JUSTICE COSTS**

Public Safety and Education Account--State

Appropriation (FY 2006) $70,000

The appropriation in this section is subject to the following conditions and limitations: The director of financial management shall distribute the appropriation to the following county in the amounts designated for extraordinary criminal justice costs:

Grant $70,000

NEW SECTION. **Sec. 723. FOR THE OFFICE OF FINANCIAL MANAGEMENT--STATE EMERGENCY WATER PROJECTS REVOLVING ACCOUNT**

General Fund--State Appropriation (FY 2006) $725,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for deposit in the state emergency water projects revolving account.

NEW SECTION. **Sec. 724. INCENTIVE SAVINGS--FY 2006.** The sum of one hundred million dollars or so much thereof as may be available on

June 30, 2006, from the total amount of unspent fiscal year 2006 state general fund appropriations is appropriated for the purposes of RCW 43.79.460 in the manner provided in this section.

(1) Of the total appropriated amount, one-half of that portion that is attributable to incentive savings, not to exceed twenty-five million dollars, is appropriated to the savings incentive account for the purpose of improving the quality, efficiency, and effectiveness of agency services, and credited to the agency that generated the savings.

(2) The remainder of the total amount, not to exceed seventy-five million dollars, is appropriated to the education savings account.

NEW SECTION. **Sec. 725. INCENTIVE SAVINGS--FY 2007.** The sum of one hundred million dollars or so much thereof as may be available on June 30, 2007, from the total amount of unspent fiscal year 2007 state general fund appropriations is appropriated for the purposes of RCW 43.79.460 in the manner provided in this section.

(1) Of the total appropriated amount, one-half of that portion that is attributable to incentive savings, not to exceed twenty-five million dollars, is appropriated to the savings incentive account for the purpose of improving the quality, efficiency, and effectiveness of agency services, and credited to the agency that generated the savings.

(2) The remainder of the total amount, not to exceed seventy-five million dollars, is appropriated to the education savings account.

NEW SECTION. **Sec. 726. NONREPRESENTED EMPLOYEE SALARY SURVEY.** For state employees, except those represented by a bargaining unit under the personnel system reform act of 2002, funding is provided within agency appropriations for implementation of the department of personnel's 2002 salary survey, for job classes more than 25% below market rates.

NEW SECTION. **Sec. 727. FOR THE OFFICE OF FINANCIAL MANAGEMENT--CONTRIBUTIONS TO RETIREMENT SYSTEMS.** Funding is provided within agency appropriations solely for funding agency pension changes as set forth in Substitute House Bill No. 1044 (pension funding methodology).

NEW SECTION. **Sec. 728. STATE EMPLOYEE INSURANCE BENEFIT RESERVE.** $20,000,000 in the public employees' and retirees' insurance account

shall be held in reserve and may be expended only to the extent that it is required to prevent the average employee share of medical insurance premiums from rising above 12% due to inflation above the assumed rate and shall not be used to expand benefits or to reduce the average employee share of medical insurance premium costs to less than 12%. If additional funds beyond the amount held in reserve by this section are needed, the legislature intends to appropriate additional funds to cover the cost of inflation, up to a maximum of 11%, in order to maintain the average employee share of medical premiums at no more than 12%.

NEW SECTION. **Sec. 729. FOR THE OFFICE OF FINANCIAL MANAGEMENT--PENSION CONTRIBUTION ADJUSTMENTS FOR THE PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM**

General Fund--State Appropriation (FY 2007) $4,400,000
Special Account Retirement Contribution Increase
Revolving Account Appropriation . . . . . ($3,900,000)
TOTAL APPROPRIATION $500,000

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

(1) The appropriations in this section are provided solely to make adjustments to agency appropriations to reflect the costs associated with the entry of employees into the public safety employees' retirement system as created by chapter 242, Laws of 2004.

(2) To facilitate the transfer of moneys from dedicated funds and accounts, the state treasurer is directed to transfer sufficient moneys from each dedicated fund or account to the special account retirement contribution increase revolving account in accordance with schedules provided by the office of financial management.

(End of part)

PART VIII
OTHER TRANSFERS AND APPROPRIATIONS

NEW SECTION. **Sec. 801. FOR THE STATE TREASURER--STATE REVENUES FOR DISTRIBUTION**

General Fund Appropriation for fire insurance premium distributions $6,577,000

General Fund Appropriation for public utility district excise tax distributions $45,422,000

General Fund Appropriation for prosecuting attorney distributions $3,457,000

General Fund Appropriation for boating safety and education distributions $4,430,000

General Fund Appropriation for other tax distributions $38,000

Death Investigations Account Appropriation for distribution to counties for publicly funded autopsies $1,969,000

Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution $147,000

Timber Tax Distribution Account Appropriation for distribution to "timber" counties $71,110,000

County Criminal Justice Assistance Appropriation $53,914,000

Municipal Criminal Justice Assistance Appropriation $21,104,000

Liquor Excise Tax Account Appropriation for liquor excise tax distribution $37,413,000

Liquor Revolving Account Appropriation for liquor profits distribution $76,186,000

City-County Assistance Account Appropriation for local government financial assistance distribution . . $20,100,000

TOTAL APPROPRIATION $350,527,000

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.

NEW SECTION. **Sec. 802. FOR THE STATE TREASURER--FOR THE COUNTY CRIMINAL JUSTICE ASSISTANCE ACCOUNT**

Impaired Driving Safety Account Appropriation $1,913,400

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2005-07 biennium in accordance with RCW 82.14.310. This funding is provided to counties for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

NEW SECTION. **Sec. 803. FOR THE STATE TREASURER--FOR THE MUNICIPAL CRIMINAL JUSTICE ASSISTANCE ACCOUNT**

Impaired Driving Safety Account Appropriation $1,275,600

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2005-07 biennium to all cities ratably based on population as last determined by the office of financial management. The distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), shall be made to the county in which the city is located. This funding is provided to cities for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998

(DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

NEW SECTION. **Sec. 804. FOR THE STATE TREASURER--FEDERAL REVENUES FOR DISTRIBUTION**

General Fund Appropriation for federal grazing fees distribution $1,632,000

General Fund Appropriation for federal flood control funds distribution $68,000

Forest Reserve Fund Appropriation for federal forest reserve fund distribution $84,500,000

TOTAL APPROPRIATION $86,200,000

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.

NEW SECTION. **Sec. 805. FOR THE STATE TREASURER--TRANSFERS.** For transfers in this section to the state general fund, pursuant to RCW 43.135.035(5), the state expenditure limit shall be increased by the amount of the transfer. The increase shall occur in the fiscal year in which the transfer occurs.

State Convention and Trade Center Account: For transfer to the state general fund, $5,150,000 for fiscal year 2006 and $5,150,000 for fiscal year 2007 . . . . . $10,300,000

General Fund: For transfer to the tourism development and promotion account, $150,000 for fiscal year 2006 and $150,000 for fiscal year 2007 . . . . . $300,000

Financial Services Regulation Account: For transfer to the state general fund, $778,000 for fiscal year 2006 and $779,000 for fiscal year 2007 . . . . . $1,557,000

Public Works Assistance Account: For transfer to the drinking water assistance account, $8,400,000 for fiscal year 2006 . . . . . $8,400,000

Tobacco Settlement Account: For transfer to the health services account, in an amount not to exceed the actual balance of the tobacco settlement account $185,823,000

Health Services Account: For transfer to the state general fund, $45,000,000 for fiscal year 2006 . . . . . $45,000,000

Health Services Account: For transfer to the tobacco prevention and control account $23,366,000

Health Services Account: For transfer to the water quality account $7,885,000

Health Services Account: For transfer to the violence reduction and drug enforcement account $6,932,000

Public Employees' and Retirees' Insurance Account: For transfer to the state general fund, $40,000,000 for fiscal year 2006 and $45,000,000 for fiscal year 2007 . . . . . $85,000,000

Department of Retirement Systems Expense Account: For transfer to the state general fund, $2,000,000 for fiscal year 2006 . . . . . $2,000,000

Secretary of State's Revolving Account: For transfer to the state general fund, $250,000 for fiscal year 2006 and $250,000 for fiscal year 2007 . . . . . $500,000

State Treasurer's Service Account: For transfer to the state general fund, $5,500,000 for fiscal year 2006 and $5,000,000 for fiscal year 2007 . . . . . $10,500,000

General Fund: For transfer to the water quality account, $318,000 for fiscal year 2006 and $319,000 for fiscal year 2007 . . . . . $637,000

State Toxics Control Account: For transfer to the water quality account $12,500,000

Water Quality Account: For transfer to the water pollution control revolving account $10,534,000

Pollution Liability Insurance Trust Account: For transfer to the state general fund $7,500,000

Drinking Water Assistance Account: For transfer to the drinking water assistance repayment account, an amount not to exceed $15,000,000

Waste Reduction, Recycling, and Litter Control Account: For transfer to the state general fund, $1,000,000 for fiscal year 2006 and $1,000,000 for fiscal year 2007 . . . . . $2,000,000

Public Works Assistance Account: For transfer to the public facility construction loan revolving account, $4,500,000 for fiscal year 2006 . . . . . $4,500,000

Nisqually Earthquake Account: For transfer to the disaster response account, $3,000,000 for fiscal year 2006 . . . . . $3,000,000

Natural Resources Equipment Revolving Fund: For transfer to the state general fund for fiscal year 2006 . . . . . $1,000,000

General Fund: For transfer to the violence reduction and drug enforcement account, $1,500,000 for fiscal year 2006 and $1,500,000 for fiscal year 2007 . . . . . $3,000,000

Education Legacy Trust Account: For transfer to the student achievement account, $35,541,000 for fiscal year 2006 and $102,697,000 for fiscal year 2007 . . . . . $138,238,000

Tobacco Prevention and Control Account: For transfer to the state general fund, $13,910,000 for fiscal year 2006 . . . . . $13,910,000

NEW SECTION. **Sec. 806. FOR THE STATE TREASURER--TRANSFERS.** For transfers in this section to the state general fund, pursuant to RCW 43.135.035(5), the state expenditure limit shall be increased by the amount of the transfer. The increase shall occur in the fiscal year in which the transfer occurs. The transfers are subject to the enactment of Senate Bill No. 5391 (tricare supplemental insurance), chapter 46, Laws of 2005.

Public Employees' and Retirees' Insurance Account: For transfer to the state general fund, $5,000,000 for fiscal year 2006 and $12,000,000

for fiscal year 2007 . . . . . $17,000,000

General Fund--State Account: For transfer to the tourism development and promotion account, $150,000 for fiscal year 2006 and $150,000 for fiscal year 2007 . . . . . $300,000

(End of part)

PART IX
MISCELLANEOUS

NEW SECTION. **Sec. 901. EXPENDITURE AUTHORIZATIONS.** The appropriations contained in this act are maximum expenditure authorizations. Pursuant to RCW 43.88.037, moneys disbursed from the treasury on the basis of a formal loan agreement shall be recorded as loans receivable and not as expenditures for accounting purposes. To the extent that moneys are disbursed on a loan basis, the corresponding appropriation shall be reduced by the amount of loan moneys disbursed from the treasury during the 2003-05 biennium.

NEW SECTION. **Sec. 902. INFORMATION SYSTEMS PROJECTS.** Agencies shall comply with the following requirements regarding information systems projects when specifically directed to do so by this act.

(1) Agency planning and decisions concerning information technology shall be made in the context of its information technology portfolio. "Information technology portfolio" means a strategic management approach in which the relationships between agency missions and information technology investments can be seen and understood, such that: Technology efforts are linked to agency objectives and business plans; the impact of new investments on existing infrastructure and business functions are assessed and understood before implementation; and agency activities are consistent with the development of an integrated, nonduplicative statewide infrastructure.

(2) Agencies shall use their information technology portfolios in making decisions on matters related to the following:

(a) System refurbishment, acquisitions, and development efforts;

(b) Setting goals and objectives for using information technology in meeting legislatively-mandated missions and business needs;

(c) Assessment of overall information processing performance, resources, and capabilities;

(d) Ensuring appropriate transfer of technological expertise for the operation of any new systems developed using external resources; and

(e) Progress toward enabling electronic access to public information.

(3) Each project will be planned and designed to take optimal advantage of Internet technologies and protocols. Agencies shall ensure that the project is in compliance with the architecture, infrastructure, principles, policies, and standards of digital government as maintained by the information services board.

(4) The agency shall produce a feasibility study for information technology projects at the direction of the information services board and in accordance with published department of information services policies and guidelines. At a minimum, such studies shall include a statement of: (a) The purpose or impetus for change; (b) the business value to the agency, including an examination and evaluation of benefits, advantages, and cost; (c) a comprehensive risk assessment based on the proposed project's impact on both citizens and state operations, its visibility, and the consequences of doing nothing; (d) the impact on agency and statewide information infrastructure; and (e) the impact of the proposed enhancements to an agency's information technology capabilities on meeting service delivery demands.

(5) The agency shall produce a comprehensive management plan for each project. The plan or plans shall address all factors critical to successful completion of each project. The plan(s) shall include, but is not limited to, the following elements: A description of the problem or opportunity that the information technology project is intended to address; a statement of project objectives and assumptions; a definition and schedule of phases, tasks, and activities to be accomplished; and the estimated cost of each phase. The planning for the phased approach shall be such that the business case justification for a project needs to demonstrate how the project recovers cost or adds measurable value or positive cost benefit to the agency's business functions within each development cycle.

(6) The agency shall produce quality assurance plans for information technology projects. Consistent with the direction of the information services board and the published policies and guidelines of the department of information services, the quality assurance plan shall address all factors critical to successful completion of the project and successful integration with the agency and state information technology infrastructure. At a minimum, quality assurance

plans shall provide time and budget benchmarks against which project progress can be measured, a specification of quality assurance responsibilities, and a statement of reporting requirements. The quality assurance plans shall set out the functionality requirements for each phase of a project.

(7) A copy of each feasibility study, project management plan, and quality assurance plan shall be provided to the department of information services, the office of financial management, and legislative fiscal committees. The plans and studies shall demonstrate a sound business case that justifies the investment of taxpayer funds on any new project, an assessment of the impact of the proposed system on the existing information technology infrastructure, the disciplined use of preventative measures to mitigate risk, and the leveraging of private-sector expertise as needed. Authority to expend any funds for individual information systems projects is conditioned on the approval of the relevant feasibility study, project management plan, and quality assurance plan by the department of information services and the office of financial management.

(8) Quality assurance status reports shall be submitted to the department of information services, the office of financial management, and legislative fiscal committees at intervals specified in the project's quality assurance plan.

NEW SECTION. **Sec. 903. BUSINESS CONTINUITY AND DISASTER RECOVERY.** State agencies shall comply with the business continuity and disaster recovery policies, guidelines, and statements of direction developed by the department of information services and the information services board in consultation with state agencies. To ensure that agency business continuity and disaster recovery activities identify the primary risks across state agencies, account for dependencies between agencies, capitalize on economies of scale, and avoid unnecessary duplication of costs and efforts, state agencies shall receive the prior approval of the department of information services before implementing business continuity and disaster recovery strategies and expending funds for business continuity activities.

NEW SECTION. **Sec. 904. VIDEO TELECOMMUNICATIONS.** The department of information services shall act as lead agency in coordinating video

telecommunications services for state agencies. As lead agency, the department shall develop standards and common specifications for leased and purchased telecommunications equipment and assist state agencies in developing a video telecommunications expenditure plan. No agency may spend any portion of any appropriation in this act for new video telecommunication equipment, new video telecommunication transmission, or new video telecommunication programming, or for expanding current video telecommunication systems without first complying with chapter 43.105 RCW, including but not limited to, RCW 43.105.041(2), and without first submitting a video telecommunications expenditure plan, in accordance with the policies of the department of information services, for review and assessment by the department of information services under RCW 43.105.052. Prior to any such expenditure by a public school, a video telecommunications expenditure plan shall be approved by the superintendent of public instruction. The office of the superintendent of public instruction shall submit the plans to the department of information services in a form prescribed by the department. The office of the superintendent of public instruction shall coordinate the use of video telecommunications in public schools by providing educational information to local school districts and shall assist local school districts and educational service districts in telecommunications planning and curriculum development. Prior to any such expenditure by a public institution of postsecondary education, a telecommunications expenditure plan shall be approved by the higher education coordinating board. The higher education coordinating board shall coordinate the use of video telecommunications for instruction and instructional support in postsecondary education, including the review and approval of instructional telecommunications course offerings.

NEW SECTION. **Sec. 905. PROGRAM COST SHIFTS.** Any program costs or moneys in this act that are shifted to the general fund from another fund or account require an adjustment to the expenditure limit under RCW 43.135.035(5).

NEW SECTION. **Sec. 906. EMERGENCY FUND ALLOCATIONS.** Whenever allocations are made from the governor's emergency fund appropriation to an agency that is financed in whole or in part by other than general

fund moneys, the director of financial management may direct the repayment of such allocated amount to the general fund from any balance in the fund or funds which finance the agency. No appropriation shall be necessary to effect such repayment.

NEW SECTION. **Sec. 907. STATUTORY APPROPRIATIONS.** In addition to the amounts appropriated in this act for revenues for distribution, state contributions to the law enforcement officers' and fire fighters' retirement system plan 2, and bond retirement and interest including ongoing bond registration and transfer charges, transfers, interest on registered warrants, and certificates of indebtedness, there is also appropriated such further amounts as may be required or available for these purposes under any statutory formula or under chapters 39.94 and 39.96 RCW or any proper bond covenant made under law.

NEW SECTION. **Sec. 908. BOND EXPENSES.** In addition to such other appropriations as are made by this act, there is hereby appropriated to the state finance committee from legally available bond proceeds in the applicable construction or building funds and accounts such amounts as are necessary to pay the expenses incurred in the issuance and sale of the subject bonds.

NEW SECTION. **Sec. 909. VOLUNTARY SEPARATION INCENTIVES.** As a management tool to reduce costs and make more effective use of resources, while improving employee productivity and morale, agencies may offer voluntary separation and/or downshifting incentives and options according to procedures and guidelines established by the department of personnel and the department of retirement systems in consultation with the office of financial management. The options may include, but are not limited to, financial incentives for: Voluntary resignation and retirement, voluntary leave-without-pay, voluntary workweek or work hour reduction, voluntary downward movement, or temporary separation for development purposes. No employee shall have a contractual right to a financial incentive offered pursuant to this section. Agencies shall report on the outcomes of their plans, and offers shall be reviewed and monitored jointly by the department of personnel and the department of retirement systems, for reporting to the office of financial management by December 1, 2006.

NEW SECTION. **Sec. 910. VOLUNTARY RETIREMENT INCENTIVES.** It is the intent of the legislature that agencies may implement a voluntary retirement incentive program that is cost neutral or results in cost savings provided that such a program is approved by the director of retirement systems and the office of financial management. Agencies participating in this authorization are required to submit a report by June 30, 2007, to the legislature and the office of financial management on the outcome of their approved retirement incentive program. The report should include information on the details of the program including resulting service delivery changes, agency efficiencies, the cost of the retirement incentive per participant, the total cost to the state, and the projected or actual net dollar savings over the 2005-07 biennium.

NEW SECTION. **Sec. 911. AGENCY EXPENDITURES FOR MOTOR VEHICLES.** The use of hybrid motor vehicles reduces air contaminants, greenhouse gas emissions and reliance on imported sources of petroleum. To foster the use of hybrid motor vehicles, beginning July 1, 2005, before the purchase or lease of a motor vehicle, state agencies should first consider the feasibility of hybrid motor vehicles. State agencies should strive to purchase or lease a hybrid motor vehicle when the use of such vehicle is consistent with and can accomplish the agency's mission and when the purchase is financially reasonable. The financial assessment should include savings accruing from reduced fuel purchases over the life of the vehicle. Agencies shall report on their purchases of hybrid vehicles in their biennial sustainability plans as required under executive order 02-03.

Sec. 912. RCW 28A.160.195 and 2004 c 276 s 904 are each amended to read as follows:

(1) The superintendent of public instruction, in consultation with the regional transportation coordinators of the educational service districts, shall establish a minimum number of school bus categories considering the capacity and type of vehicles required by school districts in Washington. The superintendent, in consultation with the regional transportation coordinators of the educational service districts, shall establish competitive specifications for each category of school bus. The categories shall be developed to produce minimum

long-range operating costs, including costs of equipment and all costs in operating the vehicles. The categories, for purposes of comparative studies, will be at a minimum the same as those in the beginning of the 1994-95 school year. The competitive specifications shall meet federal motor vehicle safety standards, minimum state specifications as established by rule by the superintendent, and supported options as determined by the superintendent in consultation with the regional transportation coordinators of the educational service districts. In fiscal ((~~year 2005~~)) years 2006 and 2007, the superintendent may solicit and accept price quotes for a rear-engine category school bus that shall be reimbursed at the price of the corresponding front engine category.

(2) After establishing school bus categories and competitive specifications, the superintendent of public instruction shall solicit competitive price quotes from school bus dealers to be in effect for one year and shall (a) except in fiscal ((~~year 2005~~)) years 2006 and 2007, establish a list of the lowest competitive price quotes obtained under this subsection, and (b) in fiscal ((~~year 2005~~)) years 2006 and 2007, establish a list of all accepted price quotes in each category obtained under this subsection.

(3) The superintendent shall base the level of reimbursement to school districts and educational service districts for school buses on the lowest quote in each category.

(4) Notwithstanding RCW 28A.335.190, school districts and educational service districts may purchase at the quoted price directly from the dealer who is providing the lowest competitive price quote on the list established under subsection (2) of this section and in fiscal ((~~year 2005~~)) years 2006 and 2007 from any dealer on the list established under subsection (2)(b) of this section. School districts and educational service districts may make their own selections for school buses, but shall be reimbursed at the rates determined under subsection (3) of this section and RCW 28A.160.200. District-selected options shall not be reimbursed by the state. For the ((~~2003-05~~)) 2005-2007 fiscal biennium, school districts and educational service districts shall be reimbursed for buses purchased only through a lowest-price competitive bid process conducted pursuant to RCW 28A.335.190 or through the state bid process established by this section.

(5) This section does not prohibit school districts or educational service districts from conducting their own competitive bid process.

(6) The superintendent of public instruction may adopt rules under chapter 34.05 RCW to implement this section.

Sec. 913. RCW 28A.305.210 and 2003 1st sp.s. c 25 s 911 are each amended to read as follows:

(1) The state board of education, by rule or regulation, may require the assistance of educational service district boards and/or superintendents in the performance of any duty, authority, or power imposed upon or granted to the state board of education by law, upon such terms and conditions as the state board of education shall establish. Such authority to assist the state board of education shall be limited to the service function of information collection and dissemination and the attestment to the accuracy and completeness of submitted information.

(2) During the ((~~2003-05~~)) 2005-2007 biennium, educational service districts may, at the request of the state board of education, receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and submit to the state board of education postsite visit recommendations for school accreditation. The educational service districts may assess a cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

Sec. 914. RCW 28A.500.030 and 2003 1st sp.s. c 25 s 912 are each amended to read as follows:

Allocation of state matching funds to eligible districts for local effort assistance shall be determined as follows:

(1) Funds raised by the district through maintenance and operation levies shall be matched with state funds using the following ratio of state funds to levy funds:

(a) The difference between the district's twelve percent levy rate and the statewide average twelve percent levy rate; to

(b) The statewide average twelve percent levy rate.

(2) The maximum amount of state matching funds for districts eligible for local effort assistance shall be the district's twelve percent levy amount, multiplied by the following percentage:

(a) The difference between the district's twelve percent levy rate and the statewide average twelve percent levy rate; divided by

(b) The district's twelve percent levy rate.

(3) Calendar year 2003 allocations and maximum eligibility under this chapter shall be multiplied by 0.99.

(4) From January 1, 2004, to ((~~June 30,~~)) December 31, 2005, allocations and maximum eligibility under this chapter shall be multiplied by 0.937.

(5) From January 1, 2006, to June 30, 2007, allocations and maximum eligibility under this chapter shall be multiplied by 0.9563.

Sec. 915. RCW 28A.600.110 and 2004 c 275 s 46 are each amended to read as follows:

There is established by the legislature of the state of Washington the Washington state scholars program. The purposes of this program annually are to:

(1) Provide for the selection of three seniors residing in each legislative district in the state graduating from high schools who have distinguished themselves academically among their peers, except that during fiscal year 2007, no more than two seniors plus one alternate may be selected.

(2) Maximize public awareness of the academic achievement, leadership ability, and community contribution of Washington state public and private high school seniors through appropriate recognition ceremonies and events at both the local and state level.

(3) Provide a listing of the Washington scholars to all Washington state public and private colleges and universities to facilitate communication regarding academic programs and scholarship availability.

(4) Make available a state level mechanism for utilization of private funds for scholarship awards to outstanding high school seniors.

(5) Provide, on written request and with student permission, a listing of the Washington scholars to private scholarship selection committees for notification of scholarship availability.

(6) Permit a waiver of tuition and services and activities fees as provided for in RCW 28B.15.543 and grants under RCW 28B.76.660.

Sec. 916. RCW 28A.600.150 and 1999 c 159 s 2 are each amended to read as follows:

Each year, three Washington scholars and one Washington scholars-alternate shall be selected from the students nominated under RCW 28A.600.140<u>, except that during fiscal year 2007, no more than two scholars plus one alternate may be selected</u>. The higher education coordinating board shall notify the students so designated, their high school principals, the legislators of their respective districts, and the governor when final selections have been made.

The board, in conjunction with the governor's office, shall prepare appropriate certificates to be presented to the Washington scholars and the Washington scholars-alternates. An awards ceremony at an appropriate time and place shall be planned by the board in cooperation with the Washington association of secondary school principals, and with the approval of the governor.

Sec. 917. RCW 28B.76.660 and 2004 c 275 s 24 are each amended to read as follows:

(1) Recipients of the Washington scholars award or the Washington scholars-alternate award under RCW 28A.600.100 through 28A.600.150 who choose to attend an independent college or university in this state, as defined in subsection (4) of this section, and recipients of the award named after June 30, 1994, who choose to attend a public college or university in the state may receive grants under this section if moneys are available. The higher education coordinating board shall distribute grants to eligible students under this section from moneys appropriated for this purpose. The individual grants shall not exceed, on a yearly basis, the yearly, full-time, resident, undergraduate tuition and service and activities fees in effect at the state-funded research universities. Grants to recipients attending an independent institution shall be contingent upon the institution matching on at least a dollar-for-dollar basis, either with actual money or by a waiver of fees, the amount of the grant received by the student from the state. The higher education coordinating board shall establish procedures, by rule, to disburse the awards as direct grants to the students.

(2) The higher education coordinating board shall establish rules that provide for the annual awarding of grants, if moneys are

available, to three Washington scholars per legislative district <u>except for fiscal year 2007 when no more than two scholars per district shall be selected</u>; and, if not used by an original recipient, to the Washington scholars-alternate from the same legislative district.

Beginning with scholars selected in the year 2000, if the recipients of grants fail to demonstrate in a timely manner that they will enroll in a Washington institution of higher education in the fall term of the academic year following the award of the grant or are deemed by the higher education coordinating board to have withdrawn from college during the first academic year following the award, then the grant shall be considered relinquished. The higher education coordinating board may then award any remaining grant amounts to the Washington scholars-alternate from the same legislative district if the grants are awarded within one calendar year of the recipient being named a Washington scholars-alternate. Washington scholars-alternates named as recipients of the grant must also demonstrate in a timely manner that they will enroll in a Washington institution of higher education during the next available term, as determined by the higher education coordinating board. The board may accept appeals and grant waivers to the enrollment requirements of this section based on exceptional mitigating circumstances of individual grant recipients.

To maintain eligibility for the grants, recipients must maintain a minimum grade point average at the college or university equivalent to 3.30. Students shall be eligible to receive a maximum of twelve quarters or eight semesters of grants for undergraduate study and may transfer among in-state public and independent colleges and universities during that period and continue to receive the grant as provided under RCW 28B.76.665. If the student's cumulative grade point average falls below 3.30 during the first three quarters or two semesters, that student may petition the higher education coordinating board which shall have the authority to establish a probationary period until such time as the student's grade point average meets required standards.

(3) No grant shall be awarded to any student who is pursuing a degree in theology.

(4) As used in this section, "independent college or university" means a private, nonprofit educational institution, the main campus of which is permanently situated in the state, open to residents of the

state, providing programs of education beyond the high school level leading at least to the baccalaureate degree, and accredited by the northwest association of schools and colleges as of June 9, 1988, and other institutions as may be developed that are approved by the higher education coordinating board as meeting equivalent standards as those institutions accredited under this section.

(5) As used in this section, "public college or university" means an institution of higher education as defined in RCW 28B.10.016.

Sec. 918. RCW 28B.102.040 and 2004 c 276 s 905, 2004 c 275 s 68, and 2004 c 58 s 4 are each reenacted and amended to read as follows:

(1) The board may select participants based on an application process conducted by the board or the board may utilize selection processes for similar students in cooperation with the professional educator standards board or the office of the superintendent of public instruction.

(2) If the board selects participants for the program, it shall establish a selection committee for screening and selecting recipients of the conditional scholarships. The criteria shall emphasize factors demonstrating excellence including but not limited to superior scholastic achievement, leadership ability, community contributions, bilingual ability, willingness to commit to providing teaching service in shortage areas, and an ability to act as a role model for students. Priority will be given to individuals seeking certification or an additional endorsement in math, science, technology, or special education.

((~~Subject to enactment of chapter 58, Laws of 2004,~~)) For fiscal years ((~~2005~~)) 2006 and 2007, additional priority shall be given to such individuals who are also bilingual. It is the intent of the legislature to develop a pool of dual-language teachers in order to meet the challenge of educating students who are dominant in languages other than English.

Sec. 919. RCW 41.05.050 and 2003 c 158 s 1 are each amended to read as follows:

(1) Every department, division, or separate agency of state government, and such county, municipal, school district, educational service district, or other political subdivisions as are covered by

this chapter, shall provide contributions to insurance and health care plans for its employees and their dependents, the content of such plans to be determined by the authority. Contributions, paid by the county, the municipality, or other political subdivision for their employees, shall include an amount determined by the authority to pay such administrative expenses of the authority as are necessary to administer the plans for employees of those groups, except as provided in subsection (4) of this section.

(2) If the authority at any time determines that the participation of a county, municipal, or other political subdivision covered under this chapter adversely impacts insurance rates for state employees, the authority shall implement limitations on the participation of additional county, municipal, or other political subdivisions.

(3) The contributions of any department, division, or separate agency of the state government, and such county, municipal, or other political subdivisions as are covered by this chapter, shall be set by the authority, subject to the approval of the governor for availability of funds as specifically appropriated by the legislature for that purpose. Insurance and health care contributions for ferry employees shall be governed by RCW 47.64.270.

(4)(a) Beginning September 1, 2003, the authority shall collect from each participating school district and educational service district an amount equal to the composite rate charged to state agencies, plus an amount equal to the employee premiums by plan and family size as would be charged to state employees, for groups of district employees enrolled in authority plans as of January 1, 2003. <u>However, during the 2005-07 fiscal biennium, the authority shall collect from each participating school district and educational service district an amount equal to the insurance benefit allocations provided in section 504 of this act, plus any additional funding provided by the legislature for school employee health benefits, plus an amount equal to the employee premiums by plan and family size as would be charged to state employees, for groups of district employees enrolled in authority plans as of July 1, 2005.</u>

(b) For all groups of district employees enrolling in authority plans for the first time after September 1, 2003, the authority shall collect from each participating school district an amount equal to the composite rate charged to state agencies, plus an amount equal to the

employee premiums by plan and by family size as would be charged to state employees, only if the authority determines that this method of billing the districts will not result in a material difference between revenues from districts and expenditures made by the authority on behalf of districts and their employees.

(c) If the authority determines at any time that the conditions in (b) of this subsection cannot be met, the authority shall offer enrollment to additional groups of district employees on a tiered rate structure until such time as the authority determines there would be no material difference between revenues and expenditures under a composite rate structure for all district employees enrolled in authority plans.

(d) The authority may charge districts a one-time set-up fee for employee groups enrolling in authority plans for the first time.

(e) For the purposes of this subsection:

(i) "District" means school district and educational service district; and

(ii) "Tiered rates" means the amounts the authority must pay to insuring entities by plan and by family size.

(f) Notwithstanding this subsection and RCW 41.05.065(3), the authority may allow districts enrolled on a tiered rate structure prior to September 1, 2002, to continue participation based on the same rate structure and under the same conditions and eligibility criteria.

(5) The authority shall transmit a recommendation for the amount of the employer contribution to the governor and the director of financial management for inclusion in the proposed budgets submitted to the legislature.

Sec. 920. RCW 41.05.065 and 2003 c 158 s 2 are each amended to read as follows:

(1) The board shall study all matters connected with the provision of health care coverage, life insurance, liability insurance, accidental death and dismemberment insurance, and disability income insurance or any of, or a combination of, the enumerated types of insurance for employees and their dependents on the best basis possible with relation both to the welfare of the employees and to the state. However, liability insurance shall not be made available to dependents.

(2) The board shall develop employee benefit plans that include

comprehensive health care benefits for all employees. In developing these plans, the board shall consider the following elements:

(a) Methods of maximizing cost containment while ensuring access to quality health care;

(b) Development of provider arrangements that encourage cost containment and ensure access to quality care, including but not limited to prepaid delivery systems and prospective payment methods;

(c) Wellness incentives that focus on proven strategies, such as smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education;

(d) Utilization review procedures including, but not limited to a cost-efficient method for prior authorization of services, hospital inpatient length of stay review, requirements for use of outpatient surgeries and second opinions for surgeries, review of invoices or claims submitted by service providers, and performance audit of providers;

(e) Effective coordination of benefits;

(f) Minimum standards for insuring entities; and

(g) Minimum scope and content of public employee benefit plans to be offered to enrollees participating in the employee health benefit plans. To maintain the comprehensive nature of employee health care benefits, employee eligibility criteria related to the number of hours worked and the benefits provided to employees shall be substantially equivalent to the state employees' health benefits plan and eligibility criteria in effect on January 1, 1993. Nothing in this subsection (2)(g) shall prohibit changes or increases in employee point-of-service payments or employee premium payments for benefits.

(3) The board shall design benefits and determine the terms and conditions of employee participation and coverage, including establishment of eligibility criteria. The same terms and conditions of participation and coverage, including eligibility criteria, shall apply to state employees and to school district employees and educational service district employees.

(4) The board may authorize premium contributions for an employee and the employee's dependents in a manner that encourages the use of cost-efficient managed health care systems. <u>During the 2005-2007</u>

fiscal biennium, the board may only authorize premium contributions for an employee and the employee's dependents that are the same, regardless of an employee's status as represented or nonrepresented by a collective bargaining unit under the personnel system reform act of 2002. The board shall require participating school district and educational service district employees to pay at least the same employee premiums by plan and family size as state employees pay.

(5) Employees shall choose participation in one of the health care benefit plans developed by the board and may be permitted to waive coverage under terms and conditions established by the board.

(6) The board shall review plans proposed by insuring entities that desire to offer property insurance and/or accident and casualty insurance to state employees through payroll deduction. The board may approve any such plan for payroll deduction by insuring entities holding a valid certificate of authority in the state of Washington and which the board determines to be in the best interests of employees and the state. The board shall promulgate rules setting forth criteria by which it shall evaluate the plans.

(7) Before January 1, 1998, the public employees' benefits board shall make available one or more fully insured long-term care insurance plans that comply with the requirements of chapter 48.84 RCW. Such programs shall be made available to eligible employees, retired employees, and retired school employees as well as eligible dependents which, for the purpose of this section, includes the parents of the employee or retiree and the parents of the spouse of the employee or retiree. Employees of local governments and employees of political subdivisions not otherwise enrolled in the public employees' benefits board sponsored medical programs may enroll under terms and conditions established by the administrator, if it does not jeopardize the financial viability of the public employees' benefits board's long-term care offering.

(a) Participation of eligible employees or retired employees and retired school employees in any long-term care insurance plan made available by the public employees' benefits board is voluntary and shall not be subject to binding arbitration under chapter 41.56 RCW. Participation is subject to reasonable underwriting guidelines and eligibility rules established by the public employees' benefits board and the health care authority.

(b) The employee, retired employee, and retired school employee are solely responsible for the payment of the premium rates developed by the health care authority. The health care authority is authorized to charge a reasonable administrative fee in addition to the premium charged by the long-term care insurer, which shall include the health care authority's cost of administration, marketing, and consumer education materials prepared by the health care authority and the office of the insurance commissioner.

(c) To the extent administratively possible, the state shall establish an automatic payroll or pension deduction system for the payment of the long-term care insurance premiums.

(d) The public employees' benefits board and the health care authority shall establish a technical advisory committee to provide advice in the development of the benefit design and establishment of underwriting guidelines and eligibility rules. The committee shall also advise the board and authority on effective and cost-effective ways to market and distribute the long-term care product. The technical advisory committee shall be comprised, at a minimum, of representatives of the office of the insurance commissioner, providers of long-term care services, licensed insurance agents with expertise in long-term care insurance, employees, retired employees, retired school employees, and other interested parties determined to be appropriate by the board.

(e) The health care authority shall offer employees, retired employees, and retired school employees the option of purchasing long-term care insurance through licensed agents or brokers appointed by the long-term care insurer. The authority, in consultation with the public employees' benefits board, shall establish marketing procedures and may consider all premium components as a part of the contract negotiations with the long-term care insurer.

(f) In developing the long-term care insurance benefit designs, the public employees' benefits board shall include an alternative plan of care benefit, including adult day services, as approved by the office of the insurance commissioner.

(g) The health care authority, with the cooperation of the office of the insurance commissioner, shall develop a consumer education program for the eligible employees, retired employees, and retired school employees designed to provide education on the potential need

for long-term care, methods of financing long-term care, and the availability of long-term care insurance products including the products offered by the board.

(h) By December 1998, the health care authority, in consultation with the public employees' benefits board, shall submit a report to the appropriate committees of the legislature, including an analysis of the marketing and distribution of the long-term care insurance provided under this section.

Sec. 921. RCW 41.05.120 and 1994 c 153 s 9 are each amended to read as follows:

(1) The public employees' and retirees' insurance account is hereby established in the custody of the state treasurer, to be used by the administrator for the deposit of contributions, the remittance paid by school districts and educational service districts ((~~under RCW 28A.400.400~~)), reserves, dividends, and refunds, and for payment of premiums for employee and retiree insurance benefit contracts and subsidy amounts provided under RCW 41.05.085. Moneys from the account shall be disbursed by the state treasurer by warrants on vouchers duly authorized by the administrator.

(2) The state treasurer and the state investment board may invest moneys in the public employees' and retirees' insurance account. All such investments shall be in accordance with RCW 43.84.080 or 43.84.150, whichever is applicable. The administrator shall determine whether the state treasurer or the state investment board or both shall invest moneys in the public employees' insurance account.

<u>(3) During the 2005-07 fiscal biennium, the legislature may transfer from the public employees' and retirees' insurance account such amounts as reflect the excess fund balance of the fund.</u>

Sec. 922. RCW 41.50.110 and 2003 1st sp.s. c 25 s 914 are each amended to read as follows:

(1) Except as provided by RCW 41.50.255 and subsection (6) of this section, all expenses of the administration of the department, the expenses of administration of the retirement systems, and the expenses of the administration of the office of the state actuary created in chapters 2.10, 2.12, 41.26, 41.32, 41.40, 41.34, 41.35, 43.43, and

44.44 RCW shall be paid from the department of retirement systems expense fund.

(2) In order to reimburse the department of retirement systems expense fund on an equitable basis the department shall ascertain and report to each employer, as defined in RCW 41.26.030, 41.32.010, 41.35.010, or 41.40.010, the sum necessary to defray its proportional share of the entire expense of the administration of the retirement system that the employer participates in during the ensuing biennium or fiscal year whichever may be required. Such sum is to be computed in an amount directly proportional to the estimated entire expense of the administration as the ratio of monthly salaries of the employer's members bears to the total salaries of all members in the entire system. It shall then be the duty of all such employers to include in their budgets or otherwise provide the amounts so required.

(3) The department shall compute and bill each employer, as defined in RCW 41.26.030, 41.32.010, 41.35.010, or 41.40.010, at the end of each month for the amount due for that month to the department of retirement systems expense fund and the same shall be paid as are its other obligations. Such computation as to each employer shall be made on a percentage rate of salary established by the department. However, the department may at its discretion establish a system of billing based upon calendar year quarters in which event the said billing shall be at the end of each such quarter.

(4) The director may adjust the expense fund contribution rate for each system at any time when necessary to reflect unanticipated costs or savings in administering the department.

(5) An employer who fails to submit timely and accurate reports to the department may be assessed an additional fee related to the increased costs incurred by the department in processing the deficient reports. Fees paid under this subsection shall be deposited in the retirement system expense fund.

(a) Every six months the department shall determine the amount of an employer's fee by reviewing the timeliness and accuracy of the reports submitted by the employer in the preceding six months. If those reports were not both timely and accurate the department may prospectively assess an additional fee under this subsection.

(b) An additional fee assessed by the department under this subsection shall not exceed fifty percent of the standard fee.

(c) The department shall adopt rules implementing this section.

(6) Expenses other than those under RCW 41.34.060(3) shall be paid pursuant to subsection (1) of this section.

(7) During the ((~~2003-~~)) 2005-2007 fiscal biennium, the legislature may transfer from the department of retirement systems' expense fund to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 923. RCW 41.50.110 and 2004 c 242 s 46 are each amended to read as follows:

(1) Except as provided by RCW 41.50.255 and subsection (6) of this section, all expenses of the administration of the department, the expenses of administration of the retirement systems, and the expenses of the administration of the office of the state actuary created in chapters 2.10, 2.12, 41.26, 41.32, 41.40, 41.34, 41.35, 41.37, 43.43, and 44.44 RCW shall be paid from the department of retirement systems expense fund.

(2) In order to reimburse the department of retirement systems expense fund on an equitable basis the department shall ascertain and report to each employer, as defined in RCW 41.26.030, 41.32.010, 41.35.010, 41.37.010, or 41.40.010, the sum necessary to defray its proportional share of the entire expense of the administration of the retirement system that the employer participates in during the ensuing biennium or fiscal year whichever may be required. Such sum is to be computed in an amount directly proportional to the estimated entire expense of the administration as the ratio of monthly salaries of the employer's members bears to the total salaries of all members in the entire system. It shall then be the duty of all such employers to include in their budgets or otherwise provide the amounts so required.

(3) The department shall compute and bill each employer, as defined in RCW 41.26.030, 41.32.010, 41.35.010, 41.37.010, or 41.40.010, at the end of each month for the amount due for that month to the department of retirement systems expense fund and the same shall be paid as are its other obligations. Such computation as to each employer shall be made on a percentage rate of salary established by the department. However, the department may at its discretion establish a system of billing based upon calendar year quarters in which event the said billing shall be at the end of each such quarter.

(4) The director may adjust the expense fund contribution rate for each system at any time when necessary to reflect unanticipated costs or savings in administering the department.

(5) An employer who fails to submit timely and accurate reports to the department may be assessed an additional fee related to the increased costs incurred by the department in processing the deficient reports. Fees paid under this subsection shall be deposited in the retirement system expense fund.

(a) Every six months the department shall determine the amount of an employer's fee by reviewing the timeliness and accuracy of the reports submitted by the employer in the preceding six months. If those reports were not both timely and accurate the department may prospectively assess an additional fee under this subsection.

(b) An additional fee assessed by the department under this subsection shall not exceed fifty percent of the standard fee.

(c) The department shall adopt rules implementing this section.

(6) Expenses other than those under RCW 41.34.060(3) shall be paid pursuant to subsection (1) of this section.

(7) During the ((~~2003-~~)) 2005-2007 fiscal biennium, the legislature may transfer from the department of retirement systems' expense fund to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 924. RCW 43.07.130 and 1994 c 211 s 1311 are each amended to read as follows:

There is created within the state treasury a revolving fund, to be known as the "secretary of state's revolving fund," which shall be used by the office of the secretary of state to defray the costs of printing, reprinting, or distributing printed matter authorized by law to be issued by the office of the secretary of state, and any other cost of carrying out the functions of the secretary of state under Title 23B RCW, or chapters 18.100, 23.86, 23.90, 24.03, 24.06, 24.12, 24.20, 24.24, 24.28, 24.36, 25.15, or 25.10 RCW.

The secretary of state is hereby authorized to charge a fee for such publications in an amount which will compensate for the costs of printing, reprinting, and distributing such printed matter. Fees recovered by the secretary of state under RCW 43.07.120(2), 23B.01.220 (1)(e), (6) and (7), 23B.18.050, 24.03.410, 24.06.455, or 46.64.040,

and such other moneys as are expressly designated for deposit in the secretary of state's revolving fund shall be placed in the secretary of state's revolving fund.

During the 2005-2007 fiscal biennium, the legislature may transfer from the secretary of state's revolving fund to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 925. RCW 43.08.190 and 2003 1st sp.s. c 25 s 916 are each amended to read as follows:

There is hereby created a fund within the state treasury to be known as the "state treasurer's service fund". Such fund shall be used solely for the payment of costs and expenses incurred in the operation and administration of the state treasurer's office.

Moneys shall be allocated monthly and placed in the state treasurer's service fund equivalent to a maximum of one percent of the trust and treasury average daily cash balances from the earnings generated under the authority of RCW 43.79A.040 and 43.84.080 other than earnings generated from investment of balances in funds and accounts specified in RCW ((~~43.79.040~~)) 43.79A.040 or 43.84.092(4)(b). The allocation shall precede the distribution of the remaining earnings as prescribed under RCW 43.79A.040 and 43.84.092. The state treasurer shall establish a uniform allocation rate based on the appropriations for the treasurer's office.

During the ((~~2003-~~)) 2005-2007 fiscal biennium, the legislature may transfer from the state treasurer's service fund to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 926. RCW 43.08.250 and 2003 1st sp.s. c 25 s 918 are each amended to read as follows:

The money received by the state treasurer from fees, fines, forfeitures, penalties, reimbursements or assessments by any court organized under Title 3 or 35 RCW, or chapter 2.08 RCW, shall be deposited in the public safety and education account which is hereby created in the state treasury. The legislature shall appropriate the funds in the account to promote traffic safety education, highway safety, criminal justice training, crime victims' compensation, judicial education, the judicial information system, civil representation of indigent persons, winter recreation parking, drug

court operations, and state game programs. During the fiscal biennium ending June 30, ((~~2005~~)) 2007, the legislature may appropriate moneys from the public safety and education account for purposes of appellate indigent defense and other operations of the office of public defense, the criminal litigation unit of the attorney general's office, the treatment alternatives to street crimes program, crime victims advocacy programs, justice information network telecommunication planning, treatment for supplemental security income clients, sexual assault treatment, operations of the office of administrator for the courts, security in the common schools, alternative school start-up grants, programs for disruptive students, criminal justice data collection, Washington state patrol criminal justice activities, drug court operations, unified family courts, local court backlog assistance, financial assistance to local jurisdictions for extraordinary costs incurred in the adjudication of criminal cases, domestic violence treatment and related services, the department of corrections' costs in implementing chapter 196, Laws of 1999, reimbursement of local governments for costs associated with implementing criminal and civil justice legislation, the replacement of the department of corrections' offender-based tracking system, secure and semi-secure crisis residential centers, HOPE beds, the family policy council and community public health and safety networks, the street youth program, public notification about registered sex offenders, and narcotics or methamphetamine-related enforcement, education, training, and drug and alcohol treatment services.

Sec. 927. RCW 43.10.180 and 2003 1st sp.s. c 25 s 917 are each amended to read as follows:

(1) The attorney general shall keep such records as are necessary to facilitate proper allocation of costs to funds and agencies served and the director of financial management shall prescribe appropriate accounting procedures to accurately allocate costs to funds and agencies served. Billings shall be adjusted in line with actual costs incurred at intervals not to exceed six months.

(2) During the ((~~2003-05~~)) 2005-2007 fiscal biennium, all expenses for administration of the office of the attorney general shall be allocated to and paid from the legal services revolving fund in

accordance with accounting procedures prescribed by the director of financial management.

Sec. 928. RCW 43.30.305 and 2003 c 334 s 120 are each amended to read as follows:

A revolving fund in the custody of the state treasurer, to be known as the natural resources equipment fund, is hereby created to be expended by the department without appropriation solely for the purchase of equipment, machinery, and supplies for the use of the department and for the payment of the costs of repair and maintenance of such equipment, machinery, and supplies. <u>During the 2005-2007 fiscal biennium the legislature may transfer such amounts as represent the excess balance of the fund to the state general fund.</u>

Sec. 929. RCW 43.43.944 and 2003 1st sp.s. c 25 s 919 are each amended to read as follows:

(1) The fire service training account is hereby established in the state treasury. The fund shall consist of:

(a) All fees received by the Washington state patrol for fire service training;

(b) All grants and bequests accepted by the Washington state patrol under RCW 43.43.940; and

(c) Twenty percent of all moneys received by the state on fire insurance premiums.

(2) Moneys in the account may be appropriated only for fire service training. During the ((~~2003-2005~~)) <u>2005-2007</u> fiscal biennium, the legislature may appropriate funds from this account for school fire prevention activities within the Washington state patrol.

Sec. 930. RCW 43.72.900 and 2003 c 259 s 1 are each amended to read as follows:

(1) The health services account is created in the state treasury. Moneys in the account may be spent only after appropriation. Subject to the transfers described in subsection (3) of this section, moneys in the account may be expended only for maintaining and expanding health services access for low-income residents, maintaining and expanding the public health system, maintaining and improving the capacity of the

health care system, containing health care costs, and the regulation, planning, and administering of the health care system.

(2) Funds deposited into the health services account under RCW 82.24.028 and 82.26.028 shall be used solely as follows:

(a) Five million dollars for the state fiscal year beginning July 1, 2002, and five million dollars for the state fiscal year beginning July 1, 2003, shall be appropriated by the legislature for programs that effectively improve the health of low-income persons, including efforts to reduce diseases and illnesses that harm low-income persons. The department of health shall submit a report to the legislature on March 1, 2002, evaluating the cost-effectiveness of programs that improve the health of low-income persons and address diseases and illnesses that disproportionately affect low-income persons, and making recommendations to the legislature on which of these programs could most effectively utilize the funds appropriated under this subsection.

(b) Ten percent of the funds deposited into the health services account under RCW 82.24.028 and 82.26.028 remaining after the appropriation under (a) of this subsection shall be transferred no less frequently than annually by the treasurer to the tobacco prevention and control account established by RCW 43.79.480. The funds transferred shall be used exclusively for implementation of the Washington state tobacco prevention and control plan and shall be used only to supplement, and not supplant, funds in the tobacco prevention and control account as of January 1, 2001, however, these funds may be used to replace funds appropriated by the legislature for further implementation of the Washington state tobacco prevention and control plan for the biennium beginning July 1, 2001. For each state fiscal year beginning on and after July 1, 2002, the legislature shall appropriate no less than twenty-six million two hundred forty thousand dollars from the tobacco prevention and control account for implementation of the Washington state tobacco prevention and control plan.

(c) Because of its demonstrated effectiveness in improving the health of low-income persons and addressing illnesses and diseases that harm low-income persons, the remainder of the funds deposited into the health services account under RCW 82.24.028 and 82.26.028 shall be appropriated solely for Washington basic health plan enrollment as provided in chapter 70.47 RCW. Funds appropriated under this

subsection may be used to support outreach and enrollment activities only to the extent necessary to achieve the enrollment goals described in this section.

(3) Prior to expenditure for the purposes described in subsection (2) of this section, funds deposited into the health services account under RCW 82.24.028 and 82.26.028 shall first be transferred to the following accounts to ensure the continued availability of previously dedicated revenues for certain existing programs:

(a) To the violence reduction and drug enforcement account under RCW 69.50.520, two million two hundred forty-nine thousand five hundred dollars for the state fiscal year beginning July 1, 2001, four million two hundred forty-eight thousand dollars for the state fiscal year beginning July 1, 2002, seven million seven hundred eighty-nine thousand dollars for the biennium beginning July 1, 2003, six million nine hundred thirty-two thousand dollars for the biennium beginning July 1, 2005, and six million nine hundred thirty-two thousand dollars for each biennium thereafter, as required by RCW 82.24.020(2);

(b) To the health services account under this section, nine million seventy-seven thousand dollars for the state fiscal year beginning July 1, 2001, seventeen million one hundred eighty-eight thousand dollars for the state fiscal year beginning July 1, 2002, thirty-one million seven hundred fifty-five thousand dollars for the biennium beginning July 1, 2003, twenty-eight million six hundred twenty-two thousand dollars for the biennium beginning July 1, 2005, and twenty-eight million six hundred twenty-two thousand dollars for each biennium thereafter, as required by RCW 82.24.020(3); and

(c) To the water quality account under RCW 70.146.030, two million two hundred three thousand five hundred dollars for the state fiscal year beginning July 1, 2001, four million two hundred forty-four thousand dollars for the state fiscal year beginning July 1, 2002, eight million one hundred eighty-two thousand dollars for the biennium beginning July 1, 2003, seven million eight hundred eighty-five thousand dollars for the biennium beginning July 1, 2005, and seven million eight hundred eighty-five thousand dollars for each biennium thereafter, as required by RCW 82.24.027(2)(a).

During the ((~~2001-2003~~)) 2005-2007 fiscal biennium, the legislature may transfer from the health services account such amounts as reflect the excess fund balance of the account to the state general fund.

Sec. 931. RCW 43.135.045 and 2003 1st sp.s. c 25 s 920 are each amended to read as follows:

(1) The emergency reserve fund is established in the state treasury. During each fiscal year, the state treasurer shall deposit in the emergency reserve fund all general fund--state revenues in excess of the state expenditure limit for that fiscal year. Deposits shall be made at the end of each fiscal quarter based on projections of state revenues and the state expenditure limit. The treasurer shall make transfers between these accounts as necessary to reconcile actual annual revenues and the expenditure limit for fiscal year 2000 and thereafter.

(2) The legislature may appropriate moneys from the emergency reserve fund only with approval of at least two-thirds of the members of each house of the legislature, and then only if the appropriation does not cause total expenditures to exceed the state expenditure limit under this chapter.

(3) The emergency reserve fund balance shall not exceed five percent of annual general fund--state revenues as projected by the official state revenue forecast. Any balance in excess of five percent shall be transferred on a quarterly basis by the state treasurer as follows: Seventy-five percent to the student achievement fund hereby created in the state treasury and twenty-five percent to the general fund balance. The treasurer shall make transfers between these accounts as necessary to reconcile actual annual revenues for fiscal year 2000 and thereafter. When per-student state funding for the maintenance and operation of K-12 education meets a level of no less than ninety percent of the national average of total funding from all sources per student as determined by the most recent published data from the national center for education statistics of the United States department of education, as calculated by the office of financial management, further deposits to the student achievement fund shall be required only to the extent necessary to maintain the ninety-percent level. Remaining funds are part of the general fund balance and these funds are subject to the expenditure limits of this chapter.

(4) The education construction fund is hereby created in the state treasury.

(a) Funds may be appropriated from the education construction fund

exclusively for common school construction or higher education construction.

(b) Funds may be appropriated for any other purpose only if approved by a two-thirds vote of each house of the legislature and if approved by a vote of the people at the next general election. An appropriation approved by the people under this subsection shall result in an adjustment to the state expenditure limit only for the fiscal period for which the appropriation is made and shall not affect any subsequent fiscal period.

(5) Funds from the student achievement fund shall be appropriated to the superintendent of public instruction strictly for distribution to school districts to meet the provisions set out in the student achievement act. Allocations shall be made on an equal per full-time equivalent student basis to each school district.

(6) Earnings of the emergency reserve fund under RCW 43.84.092(4)(a) shall be transferred quarterly to the multimodal transportation account, except for those earnings that are in excess of thirty-five million dollars each fiscal year. Within thirty days following any fiscal year in which earnings transferred to the multimodal transportation account under this subsection did not total thirty-five million dollars, the state treasurer shall transfer from the emergency reserve fund an amount necessary to bring the total deposited in the multimodal transportation account under this subsection to thirty-five million dollars. The revenues to the multimodal transportation account reflected in this subsection provide ongoing support for the transportation programs of the state. However, it is the intent of the legislature that any new long-term financial support that may be subsequently provided for transportation programs will be used to replace and supplant the revenues reflected in this subsection, thereby allowing those revenues to be returned to the purposes to which they were previously dedicated. No transfers from the emergency reserve fund to the multimodal fund shall be made during the ((~~2003-05~~)) 2005-2007 fiscal biennium.

Sec. 932. RCW 43.320.110 and 2003 1st sp.s. c 25 s 921 and 2003 c 288 s 1 are each reenacted and amended to read as follows:

There is created a local fund known as the "financial services regulation fund" which shall consist of all moneys received by the

divisions of the department of financial institutions, except for the division of securities which shall deposit thirteen percent of all moneys received, except as provided in RCW 43.320.115, and which shall be used for the purchase of supplies and necessary equipment; the payment of salaries, wages, and utilities; the establishment of reserves; and other incidental costs required for the proper regulation of individuals and entities subject to regulation by the department. The state treasurer shall be the custodian of the fund. Disbursements from the fund shall be on authorization of the director of financial institutions or the director's designee. In order to maintain an effective expenditure and revenue control, the fund shall be subject in all respects to chapter 43.88 RCW, but no appropriation is required to permit expenditures and payment of obligations from the fund.

During the 2005-2007 fiscal biennium, the legislature may transfer from the financial services regulation fund to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 933. RCW 50.16.010 and 2003 2nd sp.s. c 4 s 23 and 2003 1st sp.s. c 25 s 925 are each reenacted and amended to read as follows:

(1) There shall be maintained as special funds, separate and apart from all public moneys or funds of this state an unemployment compensation fund, an administrative contingency fund, and a federal interest payment fund, which shall be administered by the commissioner exclusively for the purposes of this title, and to which RCW 43.01.050 shall not be applicable.

(2)(a) The unemployment compensation fund shall consist of:

(i) All contributions collected under RCW 50.24.010 and payments in lieu of contributions collected pursuant to the provisions of this title;

(ii) Any property or securities acquired through the use of moneys belonging to the fund;

(iii) All earnings of such property or securities;

(iv) Any moneys received from the federal unemployment account in the unemployment trust fund in accordance with Title XII of the social security act, as amended;

(v) All money recovered on official bonds for losses sustained by the fund;

(vi) All money credited to this state's account in the unemployment trust fund pursuant to section 903 of the social security act, as amended;

(vii) All money received from the federal government as reimbursement pursuant to section 204 of the federal-state extended compensation act of 1970 (84 Stat. 708-712; 26 U.S.C. Sec. 3304); and

(viii) All moneys received for the fund from any other source.

(b) All moneys in the unemployment compensation fund shall be commingled and undivided.

(3)(a) Except as provided in (b) of this subsection, the administrative contingency fund shall consist of:

(i) All interest on delinquent contributions collected pursuant to this title;

(ii) All fines and penalties collected pursuant to the provisions of this title;

(iii) All sums recovered on official bonds for losses sustained by the fund; and

(iv) Revenue received under RCW 50.24.014.

(b) All fees, fines, forfeitures, and penalties collected or assessed by a district court because of the violation of this title or rules adopted under this title shall be remitted as provided in chapter 3.62 RCW.

(c) Moneys available in the administrative contingency fund, other than money in the special account created under RCW 50.24.014(1)(a), shall be expended upon the direction of the commissioner, with the approval of the governor, whenever it appears to him or her that such expenditure is necessary solely for:

(i) The proper administration of this title and no federal funds are available for the specific purpose to which such expenditure is to be made, provided, the moneys are not substituted for appropriations from federal funds which, in the absence of such moneys, would be made available.

(ii) The proper administration of this title for which purpose appropriations from federal funds have been requested but not yet received, provided, the administrative contingency fund will be reimbursed upon receipt of the requested federal appropriation.

(iii) The proper administration of this title for which compliance and audit issues have been identified that establish federal claims

requiring the expenditure of state resources in resolution. Claims must be resolved in the following priority: First priority is to provide services to eligible participants within the state; second priority is to provide substitute services or program support; and last priority is the direct payment of funds to the federal government.

(d) During the ((~~2003-2005~~)) 2005-2007 fiscal biennium, the cost of the job skills program ((~~and the alliance for corporate education~~)) at community and technical colleges as appropriated by the legislature.

Money in the special account created under RCW 50.24.014(1)(a) may only be expended, after appropriation, for the purposes specified in this section and RCW 50.62.010, 50.62.020, 50.62.030, 50.24.014, 50.44.053, and 50.22.010.

Sec. 934. RCW 50.20.190 and 2003 2nd sp.s. c 4 s 26 are each amended to read as follows:

(1) An individual who is paid any amount as benefits under this title to which he or she is not entitled shall, unless otherwise relieved pursuant to this section, be liable for repayment of the amount overpaid. The department shall issue an overpayment assessment setting forth the reasons for and the amount of the overpayment. The amount assessed, to the extent not collected, may be deducted from any future benefits payable to the individual: PROVIDED, That in the absence of a back pay award, a settlement affecting the allowance of benefits, fraud, misrepresentation, or willful nondisclosure, every determination of liability shall be mailed or personally served not later than two years after the close of or final payment made on the individual's applicable benefit year for which the purported overpayment was made, whichever is later, unless the merits of the claim are subjected to administrative or judicial review in which event the period for serving the determination of liability shall be extended to allow service of the determination of liability during the six-month period following the final decision affecting the claim.

(2) The commissioner may waive an overpayment if the commissioner finds that the overpayment was not the result of fraud, misrepresentation, willful nondisclosure, or fault attributable to the individual and that the recovery thereof would be against equity and good conscience: PROVIDED, HOWEVER, That the overpayment so waived

shall be charged against the individual's applicable entitlement for the eligibility period containing the weeks to which the overpayment was attributed as though such benefits had been properly paid.

(3) Any assessment herein provided shall constitute a determination of liability from which an appeal may be had in the same manner and to the same extent as provided for appeals relating to determinations in respect to claims for benefits: PROVIDED, That an appeal from any determination covering overpayment only shall be deemed to be an appeal from the determination which was the basis for establishing the overpayment unless the merits involved in the issue set forth in such determination have already been heard and passed upon by the appeal tribunal. If no such appeal is taken to the appeal tribunal by the individual within thirty days of the delivery of the notice of determination of liability, or within thirty days of the mailing of the notice of determination, whichever is the earlier, the determination of liability shall be deemed conclusive and final. Whenever any such notice of determination of liability becomes conclusive and final, the commissioner, upon giving at least twenty days notice by certified mail return receipt requested to the individual's last known address of the intended action, may file with the superior court clerk of any county within the state a warrant in the amount of the notice of determination of liability plus a filing fee under RCW 36.18.012(10). The clerk of the county where the warrant is filed shall immediately designate a superior court cause number for the warrant, and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of the person(s) mentioned in the warrant, the amount of the notice of determination of liability, and the date when the warrant was filed. The amount of the warrant as docketed shall become a lien upon the title to, and any interest in, all real and personal property of the person(s) against whom the warrant is issued, the same as a judgment in a civil case duly docketed in the office of such clerk. A warrant so docketed shall be sufficient to support the issuance of writs of execution and writs of garnishment in favor of the state in the manner provided by law for a civil judgment. A copy of the warrant shall be mailed to the person(s) mentioned in the warrant by certified mail to the person's last known address within five days of its filing with the clerk.

(4) On request of any agency which administers an employment security law of another state, the United States, or a foreign government and which has found in accordance with the provisions of such law that a claimant is liable to repay benefits received under such law, the commissioner may collect the amount of such benefits from the claimant to be refunded to the agency. In any case in which under this section a claimant is liable to repay any amount to the agency of another state, the United States, or a foreign government, such amounts may be collected without interest by civil action in the name of the commissioner acting as agent for such agency if the other state, the United States, or the foreign government extends such collection rights to the employment security department of the state of Washington, and provided that the court costs be paid by the governmental agency benefiting from such collection.

(5) Any employer who is a party to a back pay award or settlement due to loss of wages shall, within thirty days of the award or settlement, report to the department the amount of the award or settlement, the name and social security number of the recipient of the award or settlement, and the period for which it is awarded. When an individual has been awarded or receives back pay, for benefit purposes the amount of the back pay shall constitute wages paid in the period for which it was awarded. For contribution purposes, the back pay award or settlement shall constitute wages paid in the period in which it was actually paid. The following requirements shall also apply:

(a) The employer shall reduce the amount of the back pay award or settlement by an amount determined by the department based upon the amount of unemployment benefits received by the recipient of the award or settlement during the period for which the back pay award or settlement was awarded;

(b) The employer shall pay to the unemployment compensation fund, in a manner specified by the commissioner, an amount equal to the amount of such reduction;

(c) The employer shall also pay to the department any taxes due for unemployment insurance purposes on the entire amount of the back pay award or settlement notwithstanding any reduction made pursuant to (a) of this subsection;

(d) If the employer fails to reduce the amount of the back pay award or settlement as required in (a) of this subsection, the

department shall issue an overpayment assessment against the recipient of the award or settlement in the amount that the back pay award or settlement should have been reduced; and

(e) If the employer fails to pay to the department an amount equal to the reduction as required in (b) of this subsection, the department shall issue an assessment of liability against the employer which shall be collected pursuant to the procedures for collection of assessments provided herein and in RCW 50.24.110.

(6) When an individual fails to repay an overpayment assessment that is due and fails to arrange for satisfactory repayment terms, the commissioner shall impose an interest penalty of one percent per month of the outstanding balance. Interest shall accrue immediately on overpayments assessed pursuant to RCW 50.20.070 and shall be imposed when the assessment becomes final. For any other overpayment, interest shall accrue when the individual has missed two or more of the individual's monthly payments either partially or in full. The interest penalty shall be used, first, to fully fund either social security number cross-match audits or other more effective activities that ensure that individuals are entitled to all amounts of benefits that they are paid ((~~and~~)), second, to fund other detection and recovery of overpayment and collection activities, and third, during the 2005-07 fiscal biennium, the cost of the job skills program at community and technical colleges as appropriated by the legislature.

Sec. 935. RCW 66.16.010 and 2003 1st sp.s. c 25 s 928 are each amended to read as follows:

(1) There shall be established at such places throughout the state as the liquor control board, constituted under this title, shall deem advisable, stores to be known as "state liquor stores," for the sale of liquor in accordance with the provisions of this title and the regulations: PROVIDED, That the prices of all liquor shall be fixed by the board from time to time so that the net annual revenue received by the board therefrom shall not exceed thirty-five percent. Effective no later than ((~~September 1, 2003~~)) July 1, 2005, the liquor control board shall add an equivalent surcharge of $0.42 per liter on all retail sales of spirits, excluding licensee, military, and tribal sales. The intent of this surcharge is to raise ((~~$14,000,000 in additional~~)) revenue for the general fund-state ((~~revenue~~)) for the 2003-2005 and

2005-2007 biennium~~s~~. ((~~To the extent that a lesser surcharge is sufficient to raise $14,000,000, the board may reduce the amount of the surcharge.~~)) The board shall remove the surcharge ((~~once it generates $14,000,000, but no later than~~)) June 30, ((~~2005~~)) 2007.

(2) The liquor control board may, from time to time, fix the special price at which pure ethyl alcohol may be sold to physicians and dentists and institutions regularly conducted as hospitals, for use or consumption only in such hospitals; and may also fix the special price at which pure ethyl alcohol may be sold to schools, colleges and universities within the state for use for scientific purposes. Regularly conducted hospitals may have right to purchase pure ethyl alcohol on a federal permit.

(3) The liquor control board may also fix the special price at which pure ethyl alcohol may be sold to any department, branch or institution of the state of Washington, federal government, or to any person engaged in a manufacturing or industrial business or in scientific pursuits requiring alcohol for use therein.

(4) The liquor control board may also fix a special price at which pure ethyl alcohol may be sold to any private individual, and shall make regulations governing such sale of alcohol to private individuals as shall promote, as nearly as may be, the minimum purchase of such alcohol by such persons.

Sec. 936. RCW 67.40.040 and 2003 1st sp.s. c 25 s 929 are each amended to read as follows:

(1) The proceeds from the sale of the bonds authorized in RCW 67.40.030, proceeds of the taxes imposed under RCW 67.40.090 and 67.40.130, and all other moneys received by the state convention and trade center from any public or private source which are intended to fund the acquisition, design, construction, expansion, exterior cleanup and repair of the Eagles building, conversion of various retail and other space to meeting rooms, purchase of the land and building known as the McKay Parcel, development of low-income housing, or renovation of the center, and those expenditures authorized under RCW 67.40.170 shall be deposited in the state convention and trade center account hereby created in the state treasury and in such subaccounts as are deemed appropriate by the directors of the corporation.

(2) Moneys in the account, including unanticipated revenues under RCW 43.79.270, shall be used exclusively for the following purposes in the following priority:

(a) For reimbursement of the state general fund under RCW 67.40.060;

(b) After appropriation by statute:

(i) For payment of expenses incurred in the issuance and sale of the bonds issued under RCW 67.40.030;

(ii) For expenditures authorized in RCW 67.40.170;

(iii) For acquisition, design, and construction of the state convention and trade center; and

(iv) For reimbursement of any expenditures from the state general fund in support of the state convention and trade center; and

(c) For transfer to the state convention and trade center operations account.

(3) The corporation shall identify with specificity those facilities of the state convention and trade center that are to be financed with proceeds of general obligation bonds, the interest on which is intended to be excluded from gross income for federal income tax purposes. The corporation shall not permit the extent or manner of private business use of those bond-financed facilities to be inconsistent with treatment of such bonds as governmental bonds under applicable provisions of the Internal Revenue Code of 1986, as amended.

(4) In order to ensure consistent treatment of bonds authorized under RCW 67.40.030 with applicable provisions of the Internal Revenue Code of 1986, as amended, and notwithstanding RCW 43.84.092, investment earnings on bond proceeds deposited in the state convention and trade center account in the state treasury shall be retained in the account, and shall be expended by the corporation for the purposes authorized under chapter 386, Laws of 1995 and in a manner consistent with applicable provisions of the Internal Revenue Code of 1986, as amended.

(5) During the ((~~2003-~~)) 2005-2007 fiscal biennium, the legislature may transfer from the state convention and trade center account to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 937. RCW 69.50.520 and 2004 c 276 s 912 are each amended to read as follows:

The violence reduction and drug enforcement account is created in the state treasury. All designated receipts from RCW 9.41.110(8), 66.24.210(4), 66.24.290(2), 69.50.505(9)(a), 82.08.150(5), 82.24.020(2), 82.64.020, and section 420, chapter 271, Laws of 1989 shall be deposited into the account. Expenditures from the account may be used only for funding services and programs under chapter 271, Laws of 1989 and chapter 7, Laws of 1994 sp. sess., including state incarceration costs. Funds from the account may also be appropriated to reimburse local governments for costs associated with implementing criminal justice legislation including chapter 338, Laws of 1997. During the 2003-2005 and 2005-2007 biennium<u>s</u>, funds from the account may also be used for costs associated with providing grants to local governments in accordance with chapter 338, Laws of 1997, funding drug offender treatment services in accordance with RCW 70.96A.350, maintenance and operating costs of the Washington association of sheriffs and police chiefs jail reporting system, maintenance and operating costs of the juvenile rehabilitation administration's client activity tracking system, civil indigent legal representation, multijurisdictional narcotics task forces, transfers to the health services account, and grants to community networks under chapter 70.190 RCW by the family policy council.

Sec. 938. RCW 70.83.040 and 1999 c 76 s 1 are each amended to read as follows:

When notified of positive screening tests, the state department of health shall offer the use of its services and facilities, designed to prevent mental retardation or physical defects in such children, to the attending physician, or the parents of the newborn child if no attending physician can be identified.

The services and facilities of the department, and other state and local agencies cooperating with the department in carrying out programs of detection and prevention of mental retardation and physical defects shall be made available to the family and physician to the extent required in order to carry out the intent of this chapter and within the availability of funds. The department has the authority to collect a reasonable fee, from the parents or other responsible party of each infant screened to fund specialty clinics that provide treatment services for hemoglobin diseases, phenylketonuria, congenital adrenal

hyperplasia, ((~~and~~)) congenital hypothyroidism, and, during the 2005-07 fiscal biennium, other disorders defined by the board of health under RCW 70.83.020. The fee may be collected through the facility where the screening specimen is obtained.

Sec. 939. RCW 70.93.180 and 1998 c 257 s 5 are each amended to read as follows:

(1) There is hereby created an account within the state treasury to be known as the "waste reduction, recycling, and litter control account". Moneys in the account may be spent only after appropriation. Expenditures from the waste reduction, recycling, and litter control account shall be used as follows:

(a) Fifty percent to the department of ecology, for use by the departments of ecology, natural resources, revenue, transportation, and corrections, and the parks and recreation commission, for use in litter collection programs, to be distributed under RCW 70.93.220. The amount to the department of ecology shall also be used for a central coordination function for litter control efforts statewide, for the biennial litter survey under RCW 70.93.200(8), and for statewide public awareness programs under RCW 70.93.200(7). The amount to the department shall also be used to defray the costs of administering the funding, coordination, and oversight of local government programs for waste reduction, litter control, and recycling, so that local governments can apply one hundred percent of their funding to achieving program goals. The amount to the department of revenue shall be used to enforce compliance with the litter tax imposed in chapter 82.19 RCW;

(b) Twenty percent to the department for local government funding programs for waste reduction, litter control, and recycling activities by cities and counties under RCW 70.93.250, to be administered by the department of ecology; and

(c) Thirty percent to the department of ecology for waste reduction and recycling efforts.

(2) All taxes imposed in RCW 82.19.010 and fines and bail forfeitures collected or received pursuant to this chapter shall be deposited in the waste reduction, recycling, and litter control account and used for the programs under subsection (1) of this section.

(3) Not less than five percent and no more than ten percent of the amount appropriated into the waste reduction, recycling, and litter

control account every biennium shall be reserved for capital needs, including the purchase of vehicles for transporting crews and for collecting litter and solid waste. Capital funds shall be distributed among state agencies and local governments according to the same criteria provided in RCW 70.93.220 for the remainder of the funds, so that the most effective waste reduction, litter control, and recycling programs receive the most funding. The intent of this subsection is to provide funds for the purchase of equipment that will enable the department to account for the greatest return on investment in terms of reaching a zero litter goal.

(4) During the 2005-2007 fiscal biennium, the legislature may transfer from the waste reduction, recycling, and litter control account to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 940. RCW 70.146.030 and 2004 c 277 s 909 are each amended to read as follows:

(1) The water quality account is hereby created in the state treasury. Moneys in the account may be used only in a manner consistent with this chapter. Moneys deposited in the account shall be administered by the department of ecology and shall be subject to legislative appropriation. Moneys placed in the account shall include tax receipts as provided in RCW 82.24.027, 82.26.025, and 82.32.390, principal and interest from the repayment of any loans granted pursuant to this chapter, and any other moneys appropriated to the account by the legislature.

(2) The department may use or permit the use of any moneys in the account to make grants or loans to public bodies, including grants to public bodies as cost-sharing moneys in any case where federal, local, or other funds are made available on a cost-sharing basis, for water pollution control facilities and activities, or for purposes of assisting a public body to obtain an ownership interest in water pollution control facilities and/or to defray a part of the payments made by a public body to a service provider under a service agreement entered into pursuant to RCW 70.150.060, within the purposes of this chapter and for related administrative expenses. For the period July 1, ((~~2003~~)) 2005, to June 30, ((~~2005~~)) 2007, moneys in the account may be used to process applications received by the department that seek to

make changes to or transfer existing water rights, for water conveyance projects, and for grants and technical assistance to public bodies for watershed planning under chapter 90.82 RCW. No more than three percent of the moneys deposited in the account may be used by the department to pay for the administration of the grant and loan program authorized by this chapter.

(3) Beginning with the biennium ending June 30, 1997, the department shall present a biennial progress report on the use of moneys from the account to the chairs of the senate committee on ways and means and the house of representatives committee on appropriations. The first report is due June 30, 1996, and the report for each succeeding biennium is due December 31 of the odd-numbered year. The report shall consist of a list of each recipient, project description, and amount of the grant, loan, or both.

Sec. 941. RCW 70.146.080 and 2003 1st sp.s. c 25 s 935 are each amended to read as follows:

Within thirty days after June 30, 1987, and within thirty days after each succeeding fiscal year thereafter, the state treasurer shall determine the tax receipts deposited into the water quality account for the preceding fiscal year. If the tax receipts deposited into the account in each of the fiscal years 1988 and 1989 are less than forty million dollars, the state treasurer shall transfer sufficient moneys from general state revenues into the water quality account to bring the total receipts in each fiscal year up to forty million dollars.

For the biennium ending June 30, 1991, if the tax receipts deposited into the water quality account and the earnings on investment of balances credited to the account are less than ninety million dollars, the treasurer shall transfer sufficient moneys from general state revenues into the water quality account to bring the total revenue up to ninety million dollars. The determination and transfer shall be made by July 31, 1991.

For fiscal year 1992 and for fiscal years 1995 and 1996 and thereafter, if the tax receipts deposited into the water quality account for each fiscal year are less than forty-five million dollars, the treasurer shall transfer sufficient moneys from general state revenues into the water quality account to bring the total revenue up to forty-five million dollars. However, during the ((~~2003-05~~)) 2005-

2007 fiscal biennium, the legislature may specify the transfer of a different amount in the operating budget bill. Determinations and transfers shall be made by July 31 for the preceding fiscal year.

Sec. 942. RCW 70.148.020 and 1999 c 73 s 1 are each amended to read as follows:

(1) The pollution liability insurance program trust account is established in the custody of the state treasurer. All funds appropriated for this chapter and all premiums collected for reinsurance shall be deposited in the account. Expenditures from the account shall be used exclusively for the purposes of this chapter including payment of costs of administering the pollution liability insurance and underground storage tank community assistance programs. Expenditures for payment of administrative and operating costs of the agency are subject to the allotment procedures under chapter 43.88 RCW and may be made only after appropriation by statute. No appropriation is required for other expenditures from the account.

(2) Each calendar quarter, the director shall report to the insurance commissioner the loss and surplus reserves required for the calendar quarter. The director shall notify the department of revenue of this amount by the fifteenth day of each calendar quarter.

(3) Each calendar quarter the director shall determine the amount of reserves necessary to fund commitments made to provide financial assistance under RCW 70.148.130 to the extent that the financial assistance reserves do not jeopardize the operations and liabilities of the pollution liability insurance program. The director shall notify the department of revenue of this amount by the fifteenth day of each calendar quarter. The director may immediately establish an initial financial assistance reserve of five million dollars from available revenues. The director may not expend more than fifteen million dollars for the financial assistance program.

(4) During the 2005-2007 fiscal biennium, the legislature may transfer from the pollution liability insurance program trust account to the state general fund such amounts as reflect the excess fund balance of the account.

(5) This section expires June 1, ((~~2001 [2007]~~)) 2007.

Sec. 943. RCW 72.11.040 and 2003 1st sp.s. c 25 s 936 are each amended to read as follows:

The cost of supervision fund is created in the custody of the state treasurer. All receipts from assessments made under RCW 9.94A.780 and 72.04A.120 shall be deposited into the fund. Expenditures from the fund may be used only to support the collection of legal financial obligations. During the ((~~2003-2005~~)) 2005-2007 biennium, funds from the account may also be used for costs associated with the department's supervision of the offenders in the community. Only the secretary of the department of corrections or the secretary's designee may authorize expenditures from the fund. The fund is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures.

Sec. 944. RCW 74.46.431 and 2004 c 276 s 913 are each amended to read as follows:

(1) Effective July 1, 1999, nursing facility medicaid payment rate allocations shall be facility-specific and shall have seven components: Direct care, therapy care, support services, operations, property, financing allowance, and variable return. The department shall establish and adjust each of these components, as provided in this section and elsewhere in this chapter, for each medicaid nursing facility in this state.

(2) All component rate allocations for essential community providers as defined in this chapter shall be based upon a minimum facility occupancy of eighty-five percent of licensed beds, regardless of how many beds are set up or in use. For all facilities other than essential community providers, effective July 1, 2001, component rate allocations in direct care, therapy care, support services, variable return, operations, property, and financing allowance shall continue to be based upon a minimum facility occupancy of eighty-five percent of licensed beds. For all facilities other than essential community providers, effective July 1, 2002, the component rate allocations in operations, property, and financing allowance shall be based upon a minimum facility occupancy of ninety percent of licensed beds, regardless of how many beds are set up or in use.

(3) Information and data sources used in determining medicaid payment rate allocations, including formulas, procedures, cost report

periods, resident assessment instrument formats, resident assessment methodologies, and resident classification and case mix weighting methodologies, may be substituted or altered from time to time as determined by the department.

(4)(a) Direct care component rate allocations shall be established using adjusted cost report data covering at least six months. Adjusted cost report data from 1996 will be used for October 1, 1998, through June 30, 2001, direct care component rate allocations; adjusted cost report data from 1999 will be used for July 1, 2001, through June 30, 2005, direct care component rate allocations. Adjusted cost report data from 1999 will continue to be used for July 1, 2005, and later direct care component rate allocations.

(b) Direct care component rate allocations based on 1996 cost report data shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. A different economic trends and conditions adjustment factor or factors may be defined in the biennial appropriations act for facilities whose direct care component rate is set equal to their adjusted June 30, 1998, rate, as provided in RCW 74.46.506(5)(i).

(c) Direct care component rate allocations based on 1999 cost report data shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. A different economic trends and conditions adjustment factor or factors may be defined in the biennial appropriations act for facilities whose direct care component rate is set equal to their adjusted June 30, 1998, rate, as provided in RCW 74.46.506(5)(i).

(5)(a) Therapy care component rate allocations shall be established using adjusted cost report data covering at least six months. Adjusted cost report data from 1996 will be used for October 1, 1998, through June 30, 2001, therapy care component rate allocations; adjusted cost report data from 1999 will be used for July 1, 2001, through June 30, 2005, therapy care component rate allocations. Adjusted cost report data from 1999 will continue to be used for July 1, 2005, and later therapy care component rate allocations.

(b) Therapy care component rate allocations shall be adjusted

annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act.

(6)(a) Support services component rate allocations shall be established using adjusted cost report data covering at least six months. Adjusted cost report data from 1996 shall be used for October 1, 1998, through June 30, 2001, support services component rate allocations; adjusted cost report data from 1999 shall be used for July 1, 2001, through June 30, 2005, support services component rate allocations. Adjusted cost report data from 1999 will continue to be used for July 1, 2005, and later support services component rate allocations.

(b) Support services component rate allocations shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act.

(7)(a) Operations component rate allocations shall be established using adjusted cost report data covering at least six months. Adjusted cost report data from 1996 shall be used for October 1, 1998, through June 30, 2001, operations component rate allocations; adjusted cost report data from 1999 shall be used for July 1, 2001, through June 30, 2005, operations component rate allocations. Adjusted cost report data from 1999 will continue to be used for July 1, 2005, and later operations component rate allocations.

(b) Operations component rate allocations shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act.

(8) For July 1, 1998, through September 30, 1998, a facility's property and return on investment component rates shall be the facility's June 30, 1998, property and return on investment component rates, without increase. For October 1, 1998, through June 30, 1999, a facility's property and return on investment component rates shall be rebased utilizing 1997 adjusted cost report data covering at least six months of data.

(9) Total payment rates under the nursing facility medicaid payment system shall not exceed facility rates charged to the general public for comparable services.

(10) Medicaid contractors shall pay to all facility staff a minimum wage of the greater of the state minimum wage or the federal minimum wage.

(11) The department shall establish in rule procedures, principles, and conditions for determining component rate allocations for facilities in circumstances not directly addressed by this chapter, including but not limited to: The need to prorate inflation for partial-period cost report data, newly constructed facilities, existing facilities entering the medicaid program for the first time or after a period of absence from the program, existing facilities with expanded new bed capacity, existing medicaid facilities following a change of ownership of the nursing facility business, facilities banking beds or converting beds back into service, facilities temporarily reducing the number of set-up beds during a remodel, facilities having less than six months of either resident assessment, cost report data, or both, under the current contractor prior to rate setting, and other circumstances.

(12) The department shall establish in rule procedures, principles, and conditions, including necessary threshold costs, for adjusting rates to reflect capital improvements or new requirements imposed by the department or the federal government. Any such rate adjustments are subject to the provisions of RCW 74.46.421.

(13) Effective July 1, 2001, medicaid rates shall continue to be revised downward in all components, in accordance with department rules, for facilities converting banked beds to active service under chapter 70.38 RCW, by using the facility's increased licensed bed capacity to recalculate minimum occupancy for rate setting. However, for facilities other than essential community providers which bank beds under chapter 70.38 RCW, after May 25, 2001, medicaid rates shall be revised upward, in accordance with department rules, in direct care, therapy care, support services, and variable return components only, by using the facility's decreased licensed bed capacity to recalculate minimum occupancy for rate setting, but no upward revision shall be made to operations, property, or financing allowance component rates.

(14) Facilities obtaining a certificate of need or a certificate of need exemption under chapter 70.38 RCW after June 30, 2001, must have a certificate of capital authorization in order for (a) the depreciation resulting from the capitalized addition to be included in calculation of the facility's property component rate allocation; and (b) the net invested funds associated with the capitalized addition to be included in calculation of the facility's financing allowance rate allocation.

Sec. 945. RCW 79.64.040 and 2004 c 199 s 227 are each amended to read as follows:

(1) The board shall determine the amount deemed necessary in order to achieve the purposes of this chapter and shall provide by rule for the deduction of this amount from the moneys received from all leases, sales, contracts, licenses, permits, easements, and rights of way issued by the department and affecting state lands and aquatic lands, provided that no deduction shall be made from the proceeds from agricultural college lands.

(2) Moneys received as deposits from successful bidders, advance payments, and security under RCW 79.15.100, 79.15.080, and 79.11.150 prior to December 1, 1981, which have not been subjected to deduction under this section are not subject to deduction under this section.

(3) Except as otherwise provided in subsection (5) of this section, the deductions authorized under this section shall ((~~in no event~~)) not exceed twenty-five percent of the moneys received by the department in connection with any one transaction pertaining to state lands and aquatic lands other than second class tide and shore lands and the beds of navigable waters, and fifty percent of the moneys received by the department pertaining to second class tide and shore lands and the beds of navigable waters.

(4) In the event that the department sells logs using the contract harvesting process described in RCW 79.15.500 through 79.15.530, the moneys received subject to this section are the net proceeds from the contract harvesting sale.

(5) During the 2005-2007 fiscal biennium, the twenty-five percent limitation on deductions set in subsection (3) of this section may be increased to thirty percent by the board. If so increased, the department must provide a report by January 9, 2006 to the appropriate committees of the legislature on the use of the increased amount.

Sec. 946. RCW 79.90.245 and 2004 c 276 s 914 are each amended to read as follows:

After deduction for management costs as provided in RCW 79.64.040 and payments to towns under RCW 79.92.110(2), all moneys received by the state from the sale or lease of state-owned aquatic lands and from the sale of valuable material from state-owned aquatic lands shall be deposited in the aquatic lands enhancement account which is hereby

created in the state treasury. After appropriation, these funds shall be used solely for aquatic lands enhancement projects; for the purchase, improvement, or protection of aquatic lands for public purposes; for providing and improving access to such lands; and for volunteer cooperative fish and game projects.

In providing grants for aquatic lands enhancement projects, the department shall require grant recipients to incorporate the environmental benefits of the project into their grant applications, and the department shall utilize the statement of environmental benefits in its prioritization and selection process. The department shall also develop appropriate outcome-focused performance measures to be used both for management and performance assessment of the grants. To the extent possible, the department should coordinate its performance measure system with other natural resource-related agencies as defined in RCW 43.41.270. The department shall consult with affected interest groups in implementing this section.

During the fiscal biennium ending June 30, ((~~2005~~)) 2007, the funds may be appropriated for boating safety, settlement costs for aquatic lands cleanup, and shellfish management, enforcement, and enhancement and assistance to local governments for septic system surveys and data bases.

Sec. 947. RCW 86.26.007 and 2003 1st sp.s. c 25 s 943 are each amended to read as follows:

The flood control assistance account is hereby established in the state treasury. At the beginning of the ((~~1997-99 fiscal biennium and each~~)) 2005-2007 fiscal biennium, the state treasurer shall transfer three million dollars from the general fund to the flood control assistance account. Each biennium thereafter the state treasurer shall transfer four million dollars from the general fund to the flood control assistance account. Moneys in the flood control assistance account may be spent only after appropriation for purposes specified under this chapter. ((~~During the 2003-2005 fiscal biennium, the legislature may transfer from the flood control assistance account to the state general fund such amounts as reflect the excess fund balance of the account.~~))

NEW SECTION. **Sec. 948. COMPENSATION--INSURANCE BENEFITS.** The appropriations for state agencies, including institutions of higher education are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, shall not exceed $663.00 per eligible employee for fiscal year 2006. For fiscal year 2007 the monthly employer funding rate shall not exceed $744.00 per eligible employee represented by a collective bargaining unit under the personnel system reform act of 2002, or $618.00 per eligible nonrepresented employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or make other changes to benefits consistent with RCW 41.05.065.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. From January 1, 2006, through December 31, 2006, the subsidy shall be $131.87. Starting January 1, 2007, the subsidy shall be $149.67 per month.

(3) Technical colleges, school districts, and educational service districts shall remit to the health care authority for deposit into the public employees' and retirees' insurance account established in RCW 41.05.120 the following amounts:

(a) For each full-time employee, $48.42 per month beginning September 1, 2005, and $55.73 beginning September 1, 2006;

(b) For each part-time employee who, at the time of the remittance, is employed in an eligible position as defined in RCW 41.32.010 or

41.40.010 and is eligible for employer fringe benefit contributions for basic benefits, $48.42 each month beginning September 1, 2005, and $55.73 beginning September 1, 2006, prorated by the proportion of employer fringe benefit contributions for a full-time employee that the part-time employee receives. The remittance requirements specified in this subsection shall not apply to employees of a technical college, school district, or educational service district who purchase insurance benefits through contracts with the health care authority.

NEW SECTION. **Sec. 949. NONREPRESENTED EMPLOYEE COMPENSATION.** The appropriations for nonrepresented employee compensation adjustments are provided solely for:

(1) Salary Cost of Living Adjustments.

(a) Appropriations are provided for a 3.2% salary increase effective September 1, 2005, for all classified employees, except those represented by a collective bargaining unit under the personnel system reform act of 2002, and except the certificated employees of the state schools for the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732. Also included are employees in the Washington management service, and exempt employees under the jurisdiction of the personnel resources board or the director of personnel, as applicable. However, community and technical colleges shall increase salaries of all classified staff not covered by Initiative Measure No. 732 or by a collective bargaining agreement under the personnel system reform act of 2002 by 3.2% of pay effective September 1, 2005. Community and technical colleges shall provide to exempt professional staff an average salary increase of 3.2% of pay beginning September 1, 2005. The appropriations are also sufficient to fund for the four-year higher education institutions an average salary increase of 3.2% effective September 1, 2005, for faculty, exempt administrative and professional staff, graduate assistants, and other nonclassified staff. Funds provided in this section may not be used for any other purpose by institutions of higher education, including for other pay increases.

The appropriations are also sufficient to fund a 3.2% salary increase effective September 1, 2005, for general government, legislative, and judicial employees exempt from merit system rules

whose maximum salaries are not set by the commission on salaries for elected officials.

(b) Appropriations are provided for a 1.6% salary increase effective September 1, 2006, until June 30, 2007, for all classified employees, except those represented by a collective bargaining unit under the personnel system reform act of 2002, and except the certificated employees of the state schools for the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732. Also included are employees in the Washington management service, and exempt employees under the jurisdiction of the personnel resources board or the director of personnel, as applicable. However, community and technical colleges shall increase salaries of all classified and instructional staff not covered by Initiative Measure No. 732 or by a collective bargaining agreement under the personnel system reform act of 2002 by 1.6% of pay effective September 1, 2006, until June 30, 2007. Community and technical colleges shall provide to exempt professional staff an average salary increase of 1.6% of pay, beginning September 1, 2006, until June 30, 2007. The appropriations are also sufficient to fund for the four-year higher education institutions an average salary increase of 1.6% effective September 1, 2006, for faculty, exempt administrative and professional staff, graduate assistants, and other nonclassified staff. Funds provided in this section may not be used for any other purpose by institutions of higher education, including for other pay increases. The appropriations are also sufficient to fund a 1.6% salary increase effective September 1, 2006, until June 30, 2007, for general government, legislative, and judicial employees exempt from merit system rules whose maximum salaries are not set by the commission on salaries for elected officials.

(2) Salary Survey.

For state employees, except those represented by a bargaining unit under the personnel system reform act of 2002, funding is provided for implementation of the department of personnel's 2002 salary survey, for job classes more than 25% below market rates.

NEW SECTION. **Sec. 950. CLASSIFICATION REVISIONS.** Funding is provided for partial implementation of classification consolidation and

revisions under the personnel system reform act of 2002. Groups 2 and 3 of the department of personnel's initial class consolidation plan are affected.

NEW SECTION. **Sec. 951. COLLECTIVE BARGAINING AGREEMENTS.** Provisions of collective bargaining agreements contained in sections 948 and 950 through 980 of this act are described in general terms. Only major economic terms are included in the descriptions. These descriptions do not contain the complete contents of the agreements. Extraordinary challenges were presented to employers and employees in negotiating the initial collective bargaining agreements under the Personnel Services Reform Act of 2002. Several agreements not concluded by the October 1st statutory deadline are described in the following sections and funded within the respective agencies. The legislature does not intend to fund bargaining agreements concluded after the October 1st deadline in future biennia.

NEW SECTION. **Sec. 952. COLLECTIVE BARGAINING AGREEMENT--WFSE.** Funding is provided for the collective bargaining agreement reached between the governor and the Washington federation of state employees under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 953. COLLECTIVE BARGAINING AGREEMENT--WPEA.** Funding is provided for the collective bargaining agreement reached between the governor and the Washington public employees association under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 954. COLLECTIVE BARGAINING AGREEMENT--UFCW.** Funding is provided for the collective bargaining agreement reached between the governor and the united food and commercial workers under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 1.6% increase effective July 1, 2006 until June 30, 2007.

NEW SECTION. **Sec. 955. COLLECTIVE BARGAINING AGREEMENT--TEAMSTERS.** Funding is provided for the collective bargaining agreement reached between the governor and the brotherhood of teamsters under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 2.9% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 956. COLLECTIVE BARGAINING--COALITION.** Funding is provided for the collective bargaining agreement reached between the governor and the coalition under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 957. COLLECTIVE BARGAINING--IFPTE.** Funding is provided for the collective bargaining agreement reached between the governor and the international federation of professional and technical engineers local 17 under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 958. COLLECTIVE BARGAINING AGREEMENT--SEIU 1199.** Funding is provided for the collective bargaining agreement reached between the governor and the service employees international union, local 1199 NW under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 1.6% increase effective July 1, 2006, until June 30, 2007, and for negotiated changes to the "N" range salary schedule.

NEW SECTION. **Sec. 959. COLLECTIVE BARGAINING AGREEMENT--WFSE HIGHER EDUCATION.** Funding is provided for the collective bargaining agreement reached between the governor and the Washington federation of state employees in higher education under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 960. COLLECTIVE BARGAINING AGREEMENT--WPEA HIGHER EDUCATION.** Funding is provided for the collective bargaining agreement reached between the governor and the Washington public employees association in higher education under the personnel system reform act of 2002. For employees covered under this agreement, funding is provided for a 3.2% salary increase effective July 1, 2005. Funding is also provided for a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 961. COLLECTIVE BARGAINING AGREEMENT--WESTERN WASHINGTON UNIVERSITY, WFSE BU A.** Budget amounts reflect the collective bargaining agreement reached between the Western Washington University and the Washington federation of state employees bargaining unit A under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005, a 1.6% increase effective July 1, 2006, until

June 30, 2007, and implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 962. COLLECTIVE BARGAINING AGREEMENT--WESTERN WASHINGTON UNIVERSITY, WFSE BU B.** Budget amounts reflect the collective bargaining agreement reached between the Western Washington University and the Washington federation of state employees bargaining unit B under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005, a 1.6% increase effective July 1, 2006, until June 30, 2007, and implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 963. COLLECTIVE BARGAINING AGREEMENT--WPEA/PROFESSIONAL LOCAL 365 UNIT C--WESTERN WASHINGTON UNIVERSITY.** Budget amounts reflect the collective bargaining agreement reached between the Western Washington University and the Washington Public Employees Association bargaining unit C under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005. Provisions also include a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 964. COLLECTIVE BARGAINING AGREEMENT--WESTERN WASHINGTON UNIVERSITY, WFSE BU E.** Budget amounts reflect the collective bargaining agreement reached between the Western Washington University and the Washington federation of state employees bargaining unit E under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005, and a 1.6% increase effective July 1, 2006, until June 30, 2007.

NEW SECTION. **Sec. 965. COLLECTIVE BARGAINING AGREEMENT--WASHINGTON STATE UNIVERSITY, WSU POLICE GUILD.** Budget amounts reflect the collective bargaining agreement reached between Washington State University and the Washington State University police guild bargaining unit under the personnel system reform act of 2002. For employees

covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005, and a 2.9% lump sum payment effective July 1, 2006.

NEW SECTION. **Sec. 966. COLLECTIVE BARGAINING AGREEMENT--WASHINGTON STATE UNIVERSITY, WFSE BU 1 AND 11.** Budget amounts reflect the collective bargaining agreement reached between Washington State University and the Washington federation of state employees bargaining unit 1--research and extension units west of the Cascades, bargaining unit 5--library and bargaining unit 11--intercollegiate college of nursing under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005. Provisions also include a 2% lump sum payment effective July 1, 2006.

NEW SECTION. **Sec. 967. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON, SEIU 925.** Budget amounts reflect the collective bargaining agreements reached between the University of Washington and the service employees international union university-wide nonsupervisory, university-wide supervisory, research technologist, research technologist supervisor, and medical/laboratory technologist bargaining units under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005, a 1.6% increase effective July 1, 2006, until June 30, 2007, implementation of a University of Washington salary survey, and adjustment to the salary grid.

NEW SECTION. **Sec. 968. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON, WFSE.** Budget amounts reflect the collective bargaining agreements reached between the University of Washington and the Washington federation of state employees campus-wide, library, custodial supervisor, Harborview medical center, and Harborview medical center public safety officers bargaining units under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005, a 1.6% increase effective July 1, 2006, until June 30, 2007, and implementation of a University of Washington salary survey.

NEW SECTION. **Sec. 969. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON, WFSE, SKILLED TRADES.** Budget amounts reflect the collective bargaining agreements reached between the University of Washington and the Washington federation of state employees, skilled trades bargaining unit under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a $1.00 per hour increase effective July 1, 2005, an increase in shift differential pay, and an adjustment to the grid.

NEW SECTION. **Sec. 970. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON SEIU LOCAL 1199 NW PROFESSIONAL AND TECHNICAL.** Budget amounts reflect the collective bargaining agreement reached between the University of Washington and the service employee international union Harborview medical center professional and technical bargaining unit under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 1.5% salary increase effective January 1, 2006, a 1.5% salary increase effective January 1, 2007, an adjustment to the salary grid, and changes in premium pay.

NEW SECTION. **Sec. 971. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON SEIU LOCAL 1199 NW NURSES.** Budget amounts reflect the collective bargaining agreement reached between the University of Washington and the service employee international union Harborview medical center registered nurse bargaining unit under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 2.0% salary increase effective July 1, 2005, a 2.0% salary increase effective July 1, 2006, a 2.0% salary increase effective January 1, 2007, an adjustment to the salary grid, and changes in premium pay.

NEW SECTION. **Sec. 972. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON SEIU LOCAL 1199 NW SOCIAL WORK.** Budget amounts reflect the collective bargaining agreements reached between the University of Washington and the service employee international union Harborview medical center social work and health care specialist bargaining units under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 2.0%

salary increase effective July 1, 2005, a 2.0% salary increase effective July 1, 2006, a 1.0% salary increase effective January 1, 2007, an adjustment to the salary grid, and changes in premium pay.

NEW SECTION. **Sec. 973. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON POLICE OFFICERS ASSOCIATION.** Budget amounts reflect the collective bargaining agreements reached between the University of Washington and the University of Washington police officers association bargaining unit under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005, a 1.6% increase effective July 1, 2006, and longevity pay increases.

NEW SECTION. **Sec. 974. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON WFSE UW POLICE MANAGEMENT.** Budget amounts reflect the collective bargaining agreements reached between the University of Washington and the Washington federation of state employees police management bargaining unit under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005, and a 15% supervisory differential effective July 1, 2006.

NEW SECTION. **Sec. 975. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON WASHINGTON STATE NURSES ASSOCIATION.** Budget amounts reflect the collective bargaining agreement reached between the University of Washington and the Washington state nurses association university medical center registered nurses bargaining unit under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 2.0% salary increase effective July 1, 2005, a 2.0% salary increase effective July 1, 2006, a 2.0% salary increase effective January 1, 2007, an adjustment to the salary grid, and changes in premium pay.

NEW SECTION. **Sec. 976. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON INLAND BOATMEN'S UNION.** Budget amounts reflect the collective bargaining agreement reached between the University of Washington and the inland boatmen's union of the Pacific Thompson research vessel crew bargaining unit under the personnel

system return act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2006, and a 1.6% salary increase effective July 1, 2006, until June 30, 2007.

NEW SECTION. **Sec. 977. COLLECTIVE BARGAINING AGREEMENT--WFSE UNIT 2 EASTERN WASHINGTON UNIVERSITY.** Budget amounts reflect the collective bargaining agreement reached between Eastern Washington University and the Washington federation of state employees bargaining unit 2 under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005. Provisions also include a 1.6% salary increase effective July 1, 2006, until June 30, 2007, and for a $500 lump-sum payment to full-time employees, and pro-rated for part-time employees, effective July 1, 2005.

NEW SECTION. **Sec. 978. COLLECTIVE BARGAINING AGREEMENT--WFSE UNIT 1 EASTERN WASHINGTON UNIVERSITY.** Budget amounts reflect the collective bargaining agreement reached between Eastern Washington University and the Washington federation of state employees bargaining unit 1 under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005. Provisions also include a $500 lump-sum payment to full-time employees, and pro-rated for part-time employees, effective July 1, 2005, and a lump sum payment of 1.6% of annual salary effective July 1, 2006.

NEW SECTION. **Sec. 979. COLLECTIVE BARGAINING AGREEMENT--WFSE UNIT 2 CENTRAL WASHINGTON UNIVERSITY.** Budget amounts reflect the collective bargaining agreement reached between Central Washington University and the Washington federation of state employees bargaining unit 2 under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005. Provisions also include a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

NEW SECTION. **Sec. 980. COLLECTIVE BARGAINING AGREEMENT--WFSE UNIT 1 CENTRAL WASHINGTON UNIVERSITY.** Budget amounts reflect the collective bargaining agreement reached between Central Washington University and the Washington federation of state employees bargaining unit 1 under the personnel system reform act of 2002. For employees covered under this agreement, provisions include a 3.2% salary increase effective July 1, 2005. Provisions also include a 1.6% increase effective July 1, 2006, until June 30, 2007, and for implementation of the department of personnel 2002 salary survey for classes more than 25% below market rates.

(End of part)

PART X
GENERAL GOVERNMENT

Sec. 1001. 2004 c 276 s 106 (uncodified) is amended to read as follows:

FOR THE LAW LIBRARY

General Fund--State Appropriation (FY 2004) $2,049,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$2,050,000~~))
$2,089,000
TOTAL APPROPRIATION . . . . . ((~~$4,099,000~~))
$4,138,000

Sec. 1002. 2004 c 276 s 107 (uncodified) is amended to read as follows:

FOR THE COURT OF APPEALS

General Fund--State Appropriation (FY 2004) $12,523,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$12,931,000~~))
$12,986,000
TOTAL APPROPRIATION . . . . . ((~~$25,454,000~~))
$25,509,000

Sec. 1003. 2004 c 276 s 108 (uncodified) is amended to read as follows:

FOR THE ADMINISTRATOR FOR THE COURTS

General Fund--State Appropriation (FY 2004) $17,374,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$18,036,000~~))
$17,998,000
Public Safety and Education Account--State
Appropriation . . . . . ((~~$43,534,000~~))
$43,588,000
Judicial Information Systems Account--State
Appropriation $31,803,000
TOTAL APPROPRIATION . . . . . ((~~$110,747,000~~))
$110,763,000

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

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

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

(3) $16,172,000 of the judicial information systems account--state appropriation is provided solely for improvements and enhancements to the judicial information system. Of this amount, $1,100,000 is provided solely for disaster recovery planning, equipment, and testing for the judicial information system.

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

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

shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs.

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

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

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

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

Sec. 1004. 2004 c 276 s 110 (uncodified) is amended to read as follows:

FOR THE OFFICE OF THE GOVERNOR

General Fund--State Appropriation (FY 2004) $3,773,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$4,011,000~~))
$4,183,000
General Fund--Federal Appropriation $1,140,000
Water Quality Account--State
Appropriation $3,854,000
TOTAL APPROPRIATION . . . . . ((~~$12,778,000~~))
$12,950,000

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

Sec. 1005. 2004 c 276 s 111 (uncodified) is amended to read as follows:

FOR THE SECRETARY OF STATE

General Fund--State Appropriation (FY 2004) $24,336,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$17,092,000~~))
$18,946,000
General Fund--Federal Appropriation $6,967,000
Archives and Records Management Account--State
Appropriation . . . . . ((~~$8,414,000~~))
$8,460,000
Department of Personnel Service Account--State
Appropriation $699,000
Election Account--State Appropriation $3,140,000
Election Account--Federal Appropriation $33,121,000
Local Government Archives Account--State Appropriation . . $9,010,000
TOTAL APPROPRIATION . . . . . ((~~$96,741,000~~))
$104,679,000

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

(1) $2,296,000 of the general fund--state appropriation for fiscal year 2004 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting

mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

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

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

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

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

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

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

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

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

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

(5) $252,000 of the archives and records management account--state appropriation and $1,504,000 of the local government archives account--state appropriation are provided solely for additional facility capital costs, digital archive technology architecture costs, and additional digital archive staff and operational costs, associated with the new eastern regional archives and digital archives facility.

(6) The entire election account--state appropriation in this section is provided solely as state match funding for federal moneys provided under the Help America Vote act (P.L. 107-252). Of the state match funding provided, the secretary of state may expend only the amount required to match the federal funding received, and any amount that is not necessary to match the federal funding shall lapse. After receipt of the federal moneys, the office of the secretary of state shall notify the appropriations committee of the house of representatives and the ways and means committee of the senate of the amount of federal funding received and the associated required state match.

(7) $953,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for attorneys' fees and costs associated with litigation regarding the blanket primary, including costs already awarded by the U.S. Court of Appeals for the Ninth Circuit.

(8) $451,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to reimburse counties for fifty percent of the costs of the manual recount in the 2004 gubernatorial election.

Sec. 1006. 2004 c 276 s 115 (uncodified) is amended to read as follows:

FOR THE ATTORNEY GENERAL

General Fund--State Appropriation (FY 2004) $4,345,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$4,166,000~~)) $4,518,000
General Fund--Federal Appropriation $2,845,000
Public Safety and Education Account--State Appropriation $2,001,000
Tobacco Prevention and Control Account--State Appropriation $270,000
New Motor Vehicle Arbitration Account--State Appropriation $1,180,000
Legal Services Revolving Account--State Appropriation . . . . . ((~~$166,624,000~~)) $170,746,000
TOTAL APPROPRIATION . . . . . ((~~$181,431,000~~)) $185,905,000

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

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

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

(3) $818,000 of the legal services revolving account--state appropriation is provided solely for legal defense costs associated with *Pacific Sound Resources v. Burlington Northern Santa Fe Railroad et al*.

(4) $70,000 of the legal services revolving account--state appropriation is provided solely to implement Engrossed Second Substitute Senate Bill No. 6489 (correctional industries). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

Sec. 1007. 2004 c 276 s 117 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT

General Fund--State Appropriation (FY 2004) $61,805,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$66,566,000~~))
<u>$66,760,000</u>
General Fund--Federal Appropriation $236,264,000
General Fund--Private/Local Appropriation $15,075,000
Public Safety and Education Account--State
Appropriation $10,095,000
Public Works Assistance Account--State
Appropriation $2,088,000
Building Code Council Account--State
Appropriation $1,061,000
Administrative Contingency Account--State
Appropriation $1,776,000
Low-Income Weatherization Assistance Account--State
Appropriation $8,293,000
Violence Reduction and Drug Enforcement Account--
State Appropriation $9,013,000
Manufactured Home Installation Training Account--
State Appropriation $256,000
Community Economic Development Account--
State Appropriation $1,581,000
Washington Housing Trust Account--State
Appropriation . . . . . $((~~16,740,000~~))
<u>$17,415,000</u>
Public Facility Construction Loan Revolving
Account--State Appropriation $622,000
Lead Paint Account--State Appropriation $6,000
Developmental Disabilities Endowment Trust Fund--
State Appropriation $120,000
Homeless Families Services Fund--State
Appropriation $150,000
TOTAL APPROPRIATION . . . . . ((~~$431,511,000~~))
<u>$432,380,000</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

These amounts represent the maximum Byrne grant expenditure authority for each program. No program may expend Byrne grant funds in excess of the amounts provided in this subsection. If moneys in excess of those appropriated in this subsection become available, whether from prior or current fiscal year Byrne grant distributions, the department shall hold these moneys in reserve and may not expend them without specific appropriation. These moneys shall be carried forward and applied to the pool of moneys available for appropriation for programs and projects in the succeeding fiscal year. As part of its budget request for the succeeding year, the department shall estimate and request authority to spend any funds remaining in reserve as a result of this subsection.

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

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

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

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

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

(9) $369,000 of the community economic development account appropriation and $120,000 of the developmental disabilities endowment trust fund appropriation are provided solely for support of the developmental disabilities endowment governing board and costs of the endowment program. The governing board may use appropriations to implement a sliding-scale fee waiver for families earning below 150 percent of the state median family income.

(10) $800,000 of the general fund--federal appropriation and $6,000 of the lead paint account--state appropriation are provided solely to implement Engrossed Substitute Senate Bill No. 5586 (lead-based paint). If the bill is not enacted by June 30, 2003, the amounts provided in this subsection shall lapse.

(11) $125,000 of the general fund--state appropriation for fiscal year 2004 and $475,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the business retention and expansion program to fund contracts with locally based development organizations for local business and job retention activities. In administering new and existing funding for the business retention and expansion program, the department shall ensure the existing local programs are funded at levels that meet or exceed the funding provided in the 2001-2003 biennium.

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

(13) $200,000 of the general fund--state appropriation for fiscal year 2004 and $200,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for business development activities to conduct statewide and/or regional business recruitment and client lead generation services. In administering this funding, the department shall solicit recommendations from a statewide economic development organization representing associate development organizations.

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

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

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

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

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

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

(20) Repayments of outstanding loans granted under RCW 43.63A.600, the mortgage and rental assistance program, shall be remitted to the department, including any current revolving account balances. The

department shall contract with a lender or contract collection agent to act as a collection agent of the state. The lender or contract collection agent shall collect payments on outstanding loans, and deposit them into an interest-bearing account. The funds collected shall be remitted to the department quarterly. Interest earned in the account may be retained by the lender or contract collection agent, and shall be considered a fee for processing payments on behalf of the state. Repayments of loans granted under this chapter shall be made to the lender or contract collection agent as long as the loan is outstanding, notwithstanding the repeal of the chapter.

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

(22) $10,208,818 of the general fund--federal appropriation is provided solely for the drug control and system improvement formula grant program, to be distributed in state fiscal year 2005 as follows:

(a) $3,533,522 to local units of government to continue multijurisdictional narcotics task forces;

(b) $608,002 to the department to continue the drug prosecution assistance program in support of multijurisdictional narcotics task forces;

(c) $1,336,624 to the Washington state patrol for coordination, investigative, and supervisory support to the multijurisdictional narcotics task forces and for methamphetamine education and response;

(d) $196,130 to the department for grants to support tribal law enforcement needs;

(e) $971,823 to the department of social and health services, division of alcohol and substance abuse, for drug courts in eastern and western Washington;

(f) $296,697 to the department for training and technical assistance of public defenders representing clients with special needs;

(g) $683,586 to the department to continue domestic violence legal advocacy;

(h) $885,526 to the department of social and health services, juvenile rehabilitation administration, to continue youth violence prevention and intervention projects;

(i) $59,688 to the department for community-based advocacy services

to victims of violent crime, other than sexual assault and domestic violence;

(j) $89,239 to the department to continue the governor's council on substance abuse;

(k) $97,084 to the department to continue evaluation of Byrne formula grant programs;

(l) $650,846 to the office of financial management for criminal history records improvement; and

(m) $800,051 to the department for required grant administration, monitoring, and reporting on Byrne formula grant programs.

These amounts represent the maximum Byrne grant expenditure authority for each program. No program may expend Byrne grant funds in excess of the amounts provided in this subsection. If moneys in excess of those appropriated in this subsection become available, whether from prior or current fiscal year Byrne grant distributions, the department shall hold those moneys in reserve and may not expend them without specific appropriation. These moneys shall be carried forward and applied to the pool of moneys available for appropriation for programs and projects in the succeeding fiscal year. As part of its budget request for the succeeding year, the department shall estimate and request authority to spend any funds remaining in reserve as a result of this subsection.

(23) $100,000 of the general fund--state appropriation for fiscal year 2004 and $400,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the purpose of grants to support the base realignment and closure process. The department shall develop and implement criteria and procedures such as the types of activities that can be funded by the grants and requirements for local matching funds for the issuance of grants to one organization within: Island county, Kitsap county, Pierce county, Snohomish county, and Spokane county. The department shall use a portion of the funding provided to support the related activities of state agencies as identified by the governor.

(24) $163,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for pass through to community voice mail agencies as identified in this subsection, in order for these agencies to provide people in crisis and transition free and personalized voice mail services:

(a) The Opportunity Council, Bellingham, $15,000;

(b) Skagit Community Action, Skagit county, $12,000;

(c) The Opportunity Council, Island county, $11,000;

(d) Volunteers of America, Snohomish county, $10,616;

(e) Fremont Public Association, Seattle, $27,909;

(f) Metropolitan Development Council, Tacoma, $10,475;

(g) Community Voice Mail National, Olympia, $18,000;

(h) Council on Homelessness, Vancouver, $12,500;

(i) Chelan-Douglas Community Action, north central Washington, $13,000;

(j) Benton-Franklin Community Action, south central Washington, $17,500; and

(k) SNAP, Spokane, $15,000.

(25) $634,000 of the general fund--state appropriation for fiscal year 2004, $634,000 of the general fund--state appropriation for fiscal year 2005, and $1,101,000 of the administrative contingency account appropriation are provided solely for contracting with associate development organizations to maintain existing programs.

(26) $150,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to the department of community, trade, and economic development for the northwest orthopaedic institute to develop additional organizational infrastructure to assist community-based musculoskeletal health research.

(27) $300,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to the department of community, trade, and economic development for the youth assessment center in Pierce county for activities dedicated to reducing the rate of incarceration of juvenile offenders.

(28) $99,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the retired senior volunteer program.

(29) $2,000,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for increased civil legal services for the indigent. Of this amount, $100,000 shall be allocated to a general farm organization with members in every county of the state to develop and administer an alternative dispute resolution system for disputes between farmers and farm workers.

(30) $2,000,000 of the general fund--state appropriation for fiscal

year 2005 is provided solely for deposit in the homeless families services fund created in section 718 of this act.

(31) The entire homeless families services fund--state appropriation is provided solely to administer the homeless families fund and program created in section 718 of this act. It is the intent of the legislature that beginning with the 2005-07 biennium, the department choose a qualified contractor to administer the homeless families services fund program.

(32) $421,000 of the general fund--state appropriation for fiscal year 2004 and $193,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to coordinate the state's efforts in siting the 7E7 final assembly plant.

(33) $60,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for a study under (a) through (i) of this subsection. Expenditure of this amount is contingent upon a $60,000 match from a county with a population exceeding one million. The department shall conduct a study to:

(a) Detail the progress in each of the buildable land counties to date in achieving annexation or incorporation of its urban growth area since adoption of the county's county-wide planning policies to the present time by documenting:

(i) The number of acres annexed;

(ii) The number of acres incorporated;

(iii) The number of residents annexed, incorporated, and remaining in urban unincorporated areas; and

(iv) The characteristic of urban land remaining unincorporated in terms of assessed value, infrastructure deficits, service needs, land use, commercial development, and residential development;

(b) Determine the characteristics of remaining urban unincorporated areas and current statutes, and estimate when all urban unincorporated areas in each county will be annexed or incorporated, based on the rate of progress to date;

(c) Survey the counties to identify those obstacles which, in their experience, slow or prohibit annexation;

(d) Survey the cities in each of the subject counties to identify obstacles, which in their experience, slow or prohibit annexation;

(e) Survey residents of urban unincorporated areas in each of the

subject counties to identify their attitudes towards annexation or incorporation;

(f) Propose possible changes to city and county taxing authority which will serve to aid the transfer of annexation of remaining urban growth areas in a timely manner;

(g) Identify and discuss the need for funding of capital improvement projects needed to provide urban levels of service;

(h) Assess the role and statutory authority of the boundary review board and how altering their role and authority might facilitate annexation; and

(i) Propose possible changes to growth management or annexation processes which will facilitate annexation.

The department shall report to the local government committees of the legislature no later than December 1, 2004.

If a county does not wish to participate in this study, the county administrative officer shall submit those intentions, in writing, to the department no later than July 1, 2004.

(34) $150,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for deposit in the small business incubator account to implement Engrossed Substitute House Bill No. 2784 (small business incubator program). If this bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(35) ((~~$75,000~~)) $54,000 of the general fund--state appropriation for fiscal year ((~~2004~~)) 2005 is provided solely to implement Substitute Senate Bill No. 6488 (agricultural lands study). ((~~If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.~~))

Sec. 1008. 2004 c 276 s 118 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT

General Fund--State Appropriation (FY 2004) $12,617,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$12,860,000~~))
$12,905,000

General Fund--Federal Appropriation $23,924,000

Violence Reduction and Drug Enforcement
Account--State Appropriation $242,000

State Auditing Services Revolving

Account--State Appropriation $25,000

TOTAL APPROPRIATION . . . . . ((~~$49,668,000~~))

$49,713,000

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

(1) $67,000 of the general fund--state appropriation for fiscal year 2004 and $232,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to implement Second Substitute Senate Bill No. 5694 (integrated permit system) and Second Substitute Senate Bill No. 6217 (regulatory improvement center). If Second Substitute Senate Bill No. 6217 is not enacted by June 30, 2004, $50,000 of the general fund--state appropriation for fiscal year 2005 shall lapse.

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

(3) $40,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the office of financial management to contract for an evaluation of the costs and benefits of additional efforts aimed at encouraging K-12 employee collective bargaining units to elect coverage under public employee benefits board (PEBB) administered health care plans. This evaluation will include, but is not limited to, the following: A review of current processes for the procurement of health benefit coverage by K-12 employees; an assessment of the costs and benefits for the state, local school districts, and K-12 employees of moving to PEBB administered health care plans; and options for creating incentives for K-12 employee collective bargaining units moving to PEBB administered plans. The office of financial management shall report regarding the results of this study to the governor and the fiscal committees of the legislature by December 1, 2004.

(4)(a) $75,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for a task force on noneconomic damages. On or before October 31, 2005, the task force shall prepare a study and develop, for consideration by the legislature, a proposed plan for implementation of an advisory schedule of noneconomic damages in actions for injuries resulting from health care under chapter 7.70 RCW. Implementation of any proposed plan is contingent upon statutory authorization by the legislature.

(b) The task force shall develop a proposed plan for use of an advisory schedule of noneconomic damages, as defined in RCW 4.56.250, that will increase the predictability and proportionality of settlements and awards for noneconomic damages in actions for injuries resulting from health care. The task force shall consider:

(i) The information that can most appropriately be used to provide guidance to the trier of fact regarding noneconomic damage awards, giving consideration to past noneconomic damage awards for similar injuries, considering severity and duration of the injuries, and other factors deemed appropriate by the task force; past noneconomic damage awards for similar claims for damages; and such other information the task force finds appropriate;

(ii) The most appropriate format in which to present the information to the trier of fact; and

(iii) When and under what circumstances an advisory schedule should be utilized in alternative dispute resolution settings and presented to the trier of fact at trial.

(c) A proposed implementation plan shall include, at a minimum:

(i) The information developed under subsection (b) of this section;

(ii) Identification of statutory, regulatory, or court rule changes necessary to implement the advisory schedule, as well as forms or other documents necessary to implement the schedule; and

(iii) Identification of the time required to implement an advisory schedule authorized by the legislature.

(d) The task force is composed of fourteen members, as follows: (i) One member from each of the two largest caucuses in the senate, to be appointed by the president of the senate, and one member from each of the two largest caucuses in the house of representatives, to be appointed by the speaker of the house of representatives; (ii) one health care ethicist; (iii) one economist; (iv) one actuary; (v) two

attorneys with expertise or significant experience in medical malpractice actions, one representing the plaintiff's bar and one representing the insurance defense bar; (vi) two superior court judges; (vii) one representative of a hospital; (viii) one physician; (ix) one representative of a medical malpractice insurer; and (x) two consumers. The governor shall appoint the nonlegislative members of the task force and select a chair.

(e) Legislative members of the task force shall be reimbursed for travel expenses under RCW 44.04.120. Nonlegislative members of the task force shall be reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060.

(f) The office of financial management shall provide support to the task force with the assistance of staff from the administrative office of the courts, the house of representatives office of program research, and senate committee services.

(5) $252,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the office to study land use and local government finance and make recommendations on the impact that current trends in city and county revenue sources and expenditures may have on land use decisions made by counties and cities and meeting goals of the growth management act. Among the areas to be studied: Local government revenue sources and expenditures over the past decade; the relationship between local government finances and land use decisions including commercial, residential, and industrial development; cooperation or competition of adjoining jurisdictions over land use and annexation; the relationship new development has to existing commercial and residential areas and its effect on a community's infrastructure and quality of life. The study shall include recommendations for state and local government fiscal partnerships that encourage cooperation among jurisdictions to meet the goals of the growth management act, and how the state and local government fiscal structure can better meet the responsibilities of providing services to citizens and meeting the goals of the growth management act.

<u>(6) $45,000 of the general fund--state appropriation in fiscal year 2005 is provided solely for implementation of Substitute House Bill No. 1380 or Engrossed Second Substitute Senate Bill No. 5441 (education finance study). If neither bill is enacted by June 30, 2005, the amount provided in this subsection shall lapse.</u>

Sec. 1009. 2003 1st sp.s. c 25 s 119 (uncodified) is amended to read as follows:

FOR THE GOVERNOR'S OFFICE OF INDIAN AFFAIRS

General Fund--State Appropriation (FY 2004) $228,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$239,000~~)) $250,000

TOTAL APPROPRIATION . . . . . ((~~$467,000~~)) $478,000

Sec. 1010. 2004 c 276 s 120 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF PERSONNEL

Department of Personnel Service Account--State Appropriation . . . . . ((~~$16,247,000~~)) $18,854,000

Higher Education Personnel Services Account--State Appropriation $1,612,000

TOTAL APPROPRIATION . . . . . ((~~$17,859,000~~)) $20,466,000

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

(1) The department is authorized to enter into a financing contract for up to $38,911,000, plus necessary financing expenses and required reserves, pursuant to chapter 39.94 RCW. The contract shall be to purchase, develop, and implement a new statewide payroll system and shall be for a term of not more than twelve years. The legislature recognizes the critical nature of the human resource management system and its relationship to successful implementation of civil service reform, collective bargaining, and the ability to permit contracting out of services to the private sector. Projects of this size and complexity have many risks associated with their successful and timely completion, therefore, to help ensure project success, the department of personnel and the office of financial management shall jointly report to the legislature by January 15, 2004, on progress toward implementing the human resource management system. The report shall include a description of mitigation strategies employed to address the risks related to: Business requirements not fully defined at the project outset; short time frame for system implementation; and delays

experienced by other states. The report shall assess the probability of meeting the system implementation schedule and recommend contingency strategies as needed. The report shall establish the timelines, the critical path, and the dependencies for realizing each of the benefits articulated in the system feasibility study.

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

Sec. 1011. 2004 c 276 s 121 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF REVENUE

General Fund--State Appropriation (FY 2004) $82,644,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$82,036,000~~)) <u>$82,606,000</u>

Timber Tax Distribution Account--State Appropriation $5,327,000

Waste Education/Recycling/Litter Control--State Appropriation $101,000

State Toxics Control Account--State Appropriation $67,000

Oil Spill Administration Account--State Appropriation $14,000

TOTAL APPROPRIATION . . . . . ((~~$170,189,000~~)) <u>$170,759,000</u>

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

(1) $120,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to implement Senate Bill No. 5034 (senior citizen property tax exemption). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(2) $136,000 of the timber tax distribution account appropriation is provided solely to implement Engrossed Substitute House Bill No.

2693 (taxation of timber). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

Sec. 1012. 2004 c 276 s 123 (uncodified) is amended to read as follows:

FOR THE OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES

OMWBE Enterprises Account--State

Appropriation . . . . . ((~~$1,990,000~~))

$2,334,000

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

(1) The office's revolving fund charges to state agencies may not exceed $1,534,000.

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

(3) During the 2003-05 biennium, the office may raise fees in excess of the fiscal growth factor.

Sec. 1013. 2004 c 276 s 124 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF GENERAL ADMINISTRATION

General Fund--State Appropriation (FY 2004) $235,000

General Fund--State Appropriation (FY 2005) $233,000

General Fund--Federal Appropriation $3,865,000

General Administration Services Account--State

Appropriation . . . . . ((~~$38,856,000~~))

$39,310,000

TOTAL APPROPRIATION . . . . . ((~~$43,189,000~~))

$43,643,000

Sec. 1014. 2004 c 276 s 126 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF INFORMATION SERVICES

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

General Fund--State Appropriation (FY 2005) . . . . . ((~~$1,650,000~~)) $1,771,000

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

TOTAL APPROPRIATION . . . . . ((~~$6,219,000~~)) $6,340,000

The appropriations in this section are subject to the following conditions and limitations: $1,000,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$1,650,000~~)) $1,771,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the digital learning commons to create a demonstration project, in collaboration with schools, which will provide a web-based portal where students, parents, and teachers from around the state will have access to digital curriculum resources, learning tools, and online classes. The intent is to establish a clearinghouse of high quality online courses and curriculum materials that are aligned with the state's essential learning requirements. The clearinghouse shall be designed for ease of use and shall pool the purchasing power of the state so that these resources and courses are affordable and accessible to schools, teachers, students, and parents. These appropriations are subject to the following conditions and limitations:

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

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

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

(4) In consultation with the department of information services, the office of financial management shall monitor compliance with these conditions and limitations. By February 1, 2004, the digital learning commons shall submit a report to the governor and the appropriate

legislative committees detailing the types of courses and services offered and the number of students served through the digital learning commons.

Sec. 1015. 2004 c 276 s 129 (uncodified) is amended to read as follows:

FOR THE LIQUOR CONTROL BOARD

General Fund--State Appropriation (FY 2004) $1,454,000

General Fund--State Appropriation (FY 2005) $1,455,000

Liquor Control Board Construction and Maintenance Account--State Appropriation . . . . . ((~~$5,717,000~~)) $10,217,000

Liquor Revolving Account--State Appropriation . . . . . ((~~$135,303,000~~)) $135,635,000

TOTAL APPROPRIATION . . . . . ((~~$143,929,000~~)) $148,761,000

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

(1) $2,000,000 of the liquor revolving account appropriation is provided solely for the costs associated with the merchandising business system, with priority placed on the point-of-sale component of the system. Actual expenditures are limited to the balance of funds remaining from the $4,803,000 appropriation provided for the merchandise business system in the 2001-03 budget.

(2) $1,309,000 of the liquor revolving account appropriation is provided solely for the costs associated with the merchandising business system solution, with priority placed on the point-of-sale component of the system. These costs include hiring system-related staff and procuring system-related hardware and software.

(3) As required under RCW 66.16.010, the liquor control board shall add an equivalent surcharge of $0.42 per liter on all retail sales of spirits, excluding licensee, military and tribal sales, effective no later than September 1, 2003. The intent of this surcharge is to raise ((~~$14,000,000 in~~)) additional revenue for the 2003-05 biennium. ((~~To the extent that a lesser surcharge is sufficient to raise $14,000,000, the board may reduce the amount of the surcharge. The board shall~~

~~remove the surcharge once it generates $14,000,000, but no later than June 30, 2005.~~))

(4) During the 2003-2005 fiscal biennium, the board may increase the fee for the certificate of approval in excess of the fiscal growth factor under RCW 43.135.055 if the increase is necessary to fully fund the costs of administering the certificate of approval program under Substitute Senate Bill No. 6655, as amended. If the bill is not enacted by June 30, 2004, this subsection is null and void.

(5) $385,000 of the liquor revolving account--state appropriation is provided solely to implement Engrossed Substitute Senate Bill No. 6655 (beer/wine manufacturers). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(6) $4,500,000 of the liquor control board construction and maintenance account is provided solely for a three-level pick module, a pick module conveyor, additional deck lanes, associated material handling system equipment, and architectural and engineering/project management consulting fees to increase the liquor distribution center's shipping capacity.

Sec. 1016. 2004 c 276 s 131 (uncodified) is amended to read as follows:

FOR THE MILITARY DEPARTMENT

General Fund--State Appropriation (FY 2004) $8,578,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$8,466,000~~))
$8,494,000

General Fund--Federal Appropriation . . . . . ((~~$143,243,000~~))
$143,620,000

General Fund--Private/Local Appropriation . . . . . ((~~$371,000~~))
$421,000

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

Disaster Response Account--State Appropriation . . . . ((~~$3,387,000~~))
$2,811,000

Disaster Response Account--Federal Appropriation . . . ((~~$7,857,000~~))
$6,256,000

Worker and Community Right to Know Fund--State
Appropriation $290,000

Nisqually Earthquake Account--State
Appropriation . . . . . ((~~$17,869,000~~))

$11,656,000

Nisqually Earthquake Account--Federal
Appropriation . . . . . ((~~$62,103,000~~))
$35,637,000

TOTAL APPROPRIATION . . . . . ((~~$286,119,000~~))
$251,718,000

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

(1) $190,000 of the disaster response account--state appropriation is provided solely to develop and implement a disaster grant management system. The military department shall also submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on the disaster response account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2003-05 biennium based on current revenue and expenditure patterns.

(2) ((~~$14,869,000~~)) $8,656,000 of the Nisqually earthquake account--state appropriation and ((~~$62,103,000~~)) $35,637,000 of the Nisqually earthquake account--federal appropriation are provided solely for response and recovery costs associated with the February 28, 2001, earthquake. The military department shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing earthquake recovery costs, including: (a) Estimates of total costs; (b) incremental changes from the previous estimate; (c) actual expenditures; (d) estimates of total remaining costs to be paid; and (e) estimates of future payments by biennium. This information shall be displayed by fund, by type of assistance, and by amount paid on behalf of state agencies or local organizations. The military department shall also submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on the Nisqually earthquake account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2003-05 biennium based on current revenue and expenditure patterns.

(3) $3,000,000 of the Nisqually earthquake account--state appropriation is provided solely to cover other response and recovery

costs associated with the Nisqually earthquake that are not eligible for federal emergency management agency reimbursement. Prior to expending funds provided in this subsection, the military department shall obtain prior approval of the director of financial management. Prior to approving any single project of over $1,000,000, the office of financial management shall notify the fiscal committees of the legislature. The military department is to submit a quarterly report detailing the costs authorized under this subsection to the office of financial management and the legislative fiscal committees.

(4) $200,000 of the general fund--state appropriation for fiscal year 2004, $200,000 of the general fund--state appropriation for fiscal year 2005, and $105,952,000 of the general fund--federal appropriation are provided solely for homeland security, to be distributed as follows:

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

(b) $200,000 of the general fund--state appropriation for fiscal year 2004, $200,000 of the general fund--state appropriation for fiscal year 2005, and $2,713,000 of the general fund--federal appropriation to the department to conduct the terrorism consequence management program;

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

(d) $674,000 of the general fund--federal appropriation to the office of financial management for the citizen corps and the community emergency response teams;

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

(f) $89,677,000 of the general fund--federal appropriation for other anticipated homeland security needs. This amount shall not be allotted until a spending plan is approved by the governor's domestic security advisory group and the office of financial management;

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

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

(i) The department shall submit a quarterly report to the office of financial management and the legislative fiscal committees detailing the governor's domestic security advisory group recommendations; homeland security revenues and expenditures, including estimates of total federal funding for Washington state; incremental changes from the previous estimate, planned and actual homeland security expenditures by the state and local governments with this federal funding; and matching or accompanying state or local expenditures.

Sec. 1017. 2004 c 276 s 132 (uncodified) is amended to read as follows:

FOR THE PUBLIC EMPLOYMENT RELATIONS COMMISSION

General Fund--State Appropriation (FY 2004) $2,362,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$2,437,000~~))
<u>$2,396,000</u>

Department of Personnel Service Account--State
Appropriation $2,542,000

TOTAL APPROPRIATION . . . . . ((~~$7,341,000~~))
<u>$7,300,000</u>

((~~The appropriations in this section are subject to the following conditions and limitations: $41,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the implementation of Second Substitute House Bill No. 2295 or Second Engrossed Substitute Senate Bill No. 5012 (charter schools). If neither bill is enacted by June 30, 2004, the amount provided in this subsection shall lapse.~~))

Sec. 1018. 2003 1st sp.s. c 25 s 152 (uncodified) is amended to read as follows:

FOR THE GROWTH PLANNING HEARINGS BOARD

General Fund--State Appropriation (FY 2004) $1,536,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$1,467,000~~))

$1,522,000

TOTAL APPROPRIATION . . . . . ((~~$3,003,000~~))

$3,058,000

(End of part)

PART XI
HUMAN SERVICES

Sec. 1101. 2004 c 276 s 201 (uncodified) is amended to read as follows:

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)(a) 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. However, after May 1, 2004, unless specifically prohibited by this act, the department may transfer general fund--state appropriations for fiscal year 2004 among programs after approval by the director of financial management<u>; and after May 1, 2005, unless specifically prohibited by this act, the department may</u>

transfer general fund--state appropriations for fiscal year 2005 in this act and in chapter 278, Laws of 2004 among programs after approval by the director of financial management. However, the department shall not transfer state moneys that are provided solely for a specified purpose except as expressly provided in subsection (3)(b) of this section.

(b) To the extent that transfers under subsection (3)(a) of this section are insufficient to fund actual expenditures in excess of fiscal year 2004 and fiscal year 2005 caseload forecasts and utilization assumptions in the medical assistance, long-term care, foster care, adoption support, and child support programs, the department may transfer state moneys that are provided solely for a specified purpose after approval by the director of financial management.

(c) The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing prior to approving any allotment modifications or transfers under this subsection.

(4) After consultation and coordination with local elected officials and community groups to assure there will be no degradation in existing services as a result of implementing the Washington medicaid integration project, the department shall report its progress to the appropriate committees of the legislature during the 2004 September committee assembly days and 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 enrollment. The WMIP pilot projects shall not exceed a daily enrollment of 6,000 persons during the 2003-05 biennium. The amount of funding assigned to the pilot projects from each program may not exceed the average per capita cost assumed in this act for individuals covered by that program, actuarially adjusted for the health condition of persons enrolled in the pilot, times the number of clients enrolled in the pilot. In implementing the WMIP pilot projects, the department may: (a) Withhold from calculations of

"available resources" as set forth in RCW 71.24.025 a sum equal to the capitated rate for individuals enrolled in the pilots; and (b) employ capitation financing and risk-sharing arrangements in collaboration with health care service contractors licensed by the office of the insurance commissioner and qualified to participate in both the medicaid and medicare programs. The department shall conduct an evaluation of the WMIP, measuring changes in participant health outcomes, changes in patterns of service utilization, participant satisfaction, participant access to services, and the state fiscal impact.

Sec. 1102. 2004 c 276 s 202 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--CHILDREN AND FAMILY SERVICES PROGRAM

General Fund--State Appropriation (FY 2004) $219,291,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$229,924,000~~))
$230,779,000
General Fund--Federal Appropriation . . . . . ((~~$422,870,000~~))
$424,700,000
General Fund--Private/Local Appropriation $400,000
Public Safety and Education Account--
State Appropriation $21,488,000
Violence Reduction and Drug Enforcement Account--
State Appropriation $1,488,000
TOTAL APPROPRIATION . . . . . ((~~$895,461,000~~))
$898,146,000

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

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

(2) $701,000 of the general fund--state fiscal year 2004 appropriation and $701,000 of the general fund--state fiscal year 2005 appropriation are provided to contract for the operation of one pediatric interim care facility. The facility shall provide

residential care for up to thirteen children through two years of age. Seventy-five percent of the children served by the facility must be in need of special care as a result of substance abuse by their mothers. The facility shall also provide on-site training to biological, adoptive, or foster parents. The facility shall provide at least three months of consultation and support to parents accepting placement of children from the facility. The facility may recruit new and current foster and adoptive parents for infants served by the facility. The department shall not require case management as a condition of the contract.

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

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

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

(6) Within funding provided for the foster care and adoption support programs, the department shall control reimbursement decisions for foster care and adoption support cases such that the aggregate average cost per case for foster care and for adoption support does not exceed the amounts assumed in the projected caseload expenditures. The department shall adjust adoption support benefits to account for the availability of the new federal adoption support tax credit for special needs children.

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

(8) $2,000,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to increase shelter and other services for victims of domestic violence, including $65,000 for domestic violence shelter operating costs in Shelton.

(9) $1,773,000 of the general fund--state appropriation for fiscal year 2005 and $531,000 of the general fund--federal appropriation are provided solely to implement Engrossed Substitute Senate Bill No. 6642 (case conferences), CAMIS user interface improvements, and family team decision meetings, as part of the department's program improvement plan implementation.

(10) The department shall convene regional and local department staff and community-based agency staff to develop recommended policies and protocols concerning collaborative decision making, including contracting, referrals, and resource allocation. The department shall submit these recommendations to the governor and the appropriate committees of the legislature by December 1, 2004.

Sec. 1103. 2004 c 276 s 203 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--JUVENILE REHABILITATION PROGRAM

General Fund--State Appropriation (FY 2004) $72,362,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$72,697,000~~))
<u>$73,253,000</u>
General Fund--Federal Appropriation . . . . . ((~~$6,260,000~~))
<u>$6,160,000</u>
General Fund--Private/Local Appropriation $1,098,000
Juvenile Accountability Incentive
Account--Federal Appropriation $7,300,000
Violence Reduction and Drug Enforcement Account--
State Appropriation $37,699,000
TOTAL APPROPRIATION . . . . . ((~~$195,284,000~~))
<u>$197,872,000</u>

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

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

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

(3) $1,204,000 of the general fund--state appropriation for fiscal year 2004, $1,204,000 of the general fund--state appropriation for fiscal year 2005, and $5,262,000 of the violence reduction and drug enforcement account appropriation are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

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

(5) $16,000 of the general fund--state appropriation for fiscal year 2004 and $16,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the implementation of chapter

167, Laws of 1999 (firearms on school property). The amounts provided in this subsection are intended to provide funding for county impacts associated with the implementation of chapter 167, Laws of 1999, and shall be distributed to counties as prescribed in the current consolidated juvenile services (CJS) formula.

(6) $16,000 of the violence reduction and drug enforcement account appropriation is provided solely for the evaluation of the juvenile offender co-occurring disorder pilot program.

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

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

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

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

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

(e) Provide an initial process evaluation to the juvenile rehabilitation administration and the family policy council by January 30, 2004, and an intermediate evaluation by December 31, 2004. The court shall develop this evaluation in consultation with the juvenile rehabilitation administration, the family policy council, and the Washington state institute for public policy.

(8) $158,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$580,000~~)) $211,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to reimburse

counties for local juvenile disposition alternatives implemented pursuant to Senate Bill No. 5903 (juvenile offender sentencing). The juvenile rehabilitation administration, in consultation with the juvenile court administrators, shall develop an equitable distribution formula for the funding provided in this subsection. The juvenile rehabilitation administration may adjust this funding level in the event that utilization rates of the disposition alternatives are lower than the level anticipated by the total appropriations to the juvenile rehabilitation administration in this section. If the bill is not enacted by June 30, 2003, the amounts provided in this subsection shall lapse.

(9) $1,416,000 of the general fund--state appropriation for fiscal year 2004 and $1,417,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for additional research-based services to the juvenile parole population, including quality control efforts to ensure appropriate implementation of research-based services. The juvenile rehabilitation administration shall consult with the Washington state institute for public policy in deciding which interventions to provide to the parole population and appropriate levels of quality control. Of the total general fund--state appropriation for fiscal year 2004, up to $55,000 may be used for additional suicide precaution training for staff.

Sec. 1104. 2004 c 276 s 204 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MENTAL HEALTH PROGRAM

(1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund--State Appropriation (FY 2004) $200,251,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$214,010,000~~))
<u>$208,328,000</u>

General Fund--Federal Appropriation . . . . . ((~~$405,549,000~~))
<u>$399,700,000</u>

General Fund--Local Appropriation $1,970,000

TOTAL APPROPRIATION . . . . . ((~~$821,780,000~~))
<u>$810,249,000</u>

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

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

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

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

(d) At least $902,000 of the federal block grant funding appropriated in this subsection shall be used for the continued operation of the mentally ill offender pilot program.

(e) Within funds appropriated in this subsection, the department shall contract with the Clark county regional support network for development and operation of a project demonstrating collaborative

methods for providing intensive mental health services in the school setting for severely emotionally disturbed children who are medicaid eligible. Project services are to be delivered by teachers and teaching assistants who qualify as, or who are under the supervision of, mental health professionals meeting the requirements of chapter 275-57 WAC. The department shall increase medicaid payments to the regional support network by the amount necessary to cover the necessary and allowable costs of the demonstration, not to exceed the upper payment limit specified for the regional support network in the department's medicaid waiver agreement with the federal government after meeting all other medicaid spending requirements assumed in this subsection. The regional support network shall provide the department with (i) periodic reports on project service levels, methods, and outcomes; and (ii) an intergovernmental transfer equal to the state share of the increased medicaid payment provided for operation of this project.

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

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2004) $86,607,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$87,592,000~~))
<u>$89,683,000</u>
General Fund--Federal Appropriation . . . . . ((~~$146,945,000~~))
<u>$146,844,000</u>
General Fund--Private/Local Appropriation . . . . . ((~~$29,063,000~~))
<u>$28,743,000</u>
TOTAL APPROPRIATION . . . . . ((~~$350,207,000~~))
<u>$351,877,000</u>

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

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

(b) The mental health program at Western state hospital shall

continue to use labor provided by the Tacoma prerelease program of the department of corrections.

(c) $124,000 of the general fund--state appropriation for fiscal year 2005, $19,000 of the general fund--private/local appropriation, and $17,000 of the general fund--federal appropriation are provided solely for implementation of Senate Bill No. 6358 (treatment orders). If Senate Bill No. 6358 is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(3) CIVIL COMMITMENT

General Fund--State Appropriation (FY 2004) $29,194,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$34,400,000~~)) $38,295,000
TOTAL APPROPRIATION . . . . . ((~~$63,594,000~~)) $67,489,000

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

(a) $300,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$300,000~~)) $229,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for public safety mitigation funding for jurisdictions affected by the placement of the secure community transition facility on McNeil Island. Of this amount, $45,000 per year shall be provided to the city of Lakewood on September 1, 2003, and September 1, 2004, for police protection services provided by the city at Western State Hospital and adjacent areas. Of the remaining ((~~$255,000 per year~~)) amounts, the department shall reimburse the affected jurisdictions for their documented costs that have been negotiated in an interagency agreement between the department and each jurisdiction, as follows:

(i) Up to $125,000 per year shall be provided to Pierce county for its additional public safety costs as defined in RCW 71.09.344(2).

(ii) Up to $45,000 per year shall be provided to affected jurisdictions other than Pierce county for the costs of training their law enforcement and administrative personnel as defined in RCW 71.09.344(2)(a).

(iii) The remaining amounts are for affected jurisdictions other than Pierce county for reimbursement of their documented public safety costs as defined in RCW 71.09.344(2) (b), (c), and (d).

(b) $4,000 of the general fund--state appropriation for fiscal year 2004 and $354,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for mitigation costs associated with the development and occupancy of the secure community transition facility in Seattle, as described in the settlement agreement dated February 3, 2004, between the department and the city of Seattle. If *City of Seattle v. DSHS,* King County Superior Court Cause No. 03-2-37882-SEA is not dismissed with prejudice by July 1, 2004, this appropriation shall lapse. If the proceeding requested by the city under RCW 71.09.342(5) is not withdrawn or dismissed with prejudice by July 1, 2004, this appropriation shall lapse.

(c) $1,212,000 of the general fund--state appropriation for fiscal year 2004 and $1,260,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for legal fees charged to the special commitment program, including increased hourly rates.

(4) SPECIAL PROJECTS

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

(5) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2004) $3,124,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$3,208,000~~))
$3,334,000

General Fund--Federal Appropriation . . . . . ((~~$5,918,000~~))
$6,026,000

TOTAL APPROPRIATION . . . . . ((~~$12,250,000~~))
$12,484,000

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

(a) $113,000 of the general fund--state appropriation for fiscal year 2004, $125,000 of the general fund--state appropriation for fiscal year 2005, and $164,000 of the general fund--federal appropriation are provided solely for the institute for public policy to evaluate the impacts of chapter 214, Laws of 1999 (mentally ill offenders), chapter 297, Laws of 1998 (commitment of mentally ill persons), and chapter 334, Laws of 2001 (mental health performance audit).

(b) $50,000 of the general fund--state appropriation for fiscal year 2004 and $50,000 of the general fund--federal appropriation are provided solely for a study of the prevalence of mental illness among

the state's regional support networks. The study shall examine how reasonable estimates of the prevalence of mental illness relate to the incidence of persons enrolled in medical assistance programs in each regional support network area. In conducting this study, the department shall consult with the joint legislative audit and review committee, regional support networks, community mental health providers, and mental health consumer representatives. The department shall submit a final report on its findings to the fiscal, health care, and human services committees of the legislature by November 1, 2003.

(c) $53,000 of the general fund--state appropriation and $47,000 of the general fund--federal appropriation for fiscal year 2005 are provided solely for development of a plan for maintaining and increasing the number of beds available for treatment of persons experiencing acute psychiatric emergencies. The plan is to provide an estimate of the number of state hospital and community acute care beds needed in different areas of the state, and to estimate the construction and operating cost of meeting that need under alternative operating arrangements.

Sec. 1105. 2004 c 276 s 205 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--DEVELOPMENTAL DISABILITIES PROGRAM

(1) COMMUNITY SERVICES

General Fund--State Appropriation (FY 2004) $250,633,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$274,414,000~~))
$272,837,000

General Fund--Federal Appropriation . . . . . ((~~$453,434,000~~))
$450,747,000

Health Services Account--State
Appropriation $971,000

TOTAL APPROPRIATION . . . . . ((~~$979,452,000~~))
$975,188,000

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

(a) Any new funding for family support and high school transition along with a portion of existing funding for these programs shall be provided as supplemental security income (SSI) state supplemental

payments for persons with developmental disabilities in families with taxable incomes at or below 150 percent of median family income. Individuals receiving family support or high school transition payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) The health services account appropriation and $971,000 of the general fund--federal appropriation are provided solely for health care benefits for home care workers with family incomes below 200 percent of the federal poverty level who are employed through state contracts for twenty hours per week or more.

(i) Premium payments for individual provider home care workers shall be made only to the subsidized basic health plan.

(ii) Home care agencies may obtain coverage either through the basic health plan or through an alternative plan with substantially equivalent benefits. Premium payments made to home care agencies shall be limited to home care workers who are employed at least twenty hours per week to serve state-funded clients. It is the intent of the legislature to fund the purchase of health care benefits for agency home care providers in a more fiscally prudent manner. The legislature encourages agency providers to purchase more cost-effective health care benefits, including increasing participation in the basic health plan or purchasing substantially equivalent benefits with substantially equivalent costs.

(c) $562,000 of the general fund--state appropriation for fiscal year 2004, $1,767,000 of the general fund--state appropriation for fiscal year 2005, and $2,266,000 of the general fund--federal appropriation are provided solely for community residential and support services. Funding in this subsection shall be prioritized for (i) residents of residential habilitation centers who are able to be adequately cared for in community settings and who choose to live in those community settings; (ii) clients without residential services who are at immediate risk of institutionalization or in crisis; (iii) children who are aging out of other state services; and (iv) current home and community-based waiver program clients who have been assessed as having an immediate need for increased services. The department shall ensure that the average cost per day for all program services other than start-up costs shall not exceed $300. In order to maximize the number of clients served and ensure the cost-effectiveness of the

waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds provided the total projected carry-forward expenditures do not exceed the amounts estimated. The department shall implement the four new waiver programs such that decisions about enrollment levels and the amount, duration, and scope of services maintain expenditures within appropriations. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of residents moving into community settings and the actual expenditures for all community services to support those residents.

(d) $563,000 of the general fund--state appropriation for fiscal year 2004, $1,390,000 of the general fund--state appropriation for fiscal year 2005, and $1,905,000 of the general fund--federal appropriation are provided solely for expanded community services for persons with developmental disabilities who also have community protection issues. Funding in this subsection shall be prioritized for (i) clients being diverted or discharged from the state psychiatric hospitals; (ii) clients participating in the dangerous mentally ill offender program; (iii) clients participating in the community protection program; and (iv) mental health crisis diversion outplacements. The department shall ensure that the average cost per day for all program services other than start-up costs shall not exceed $300. In order to maximize the number of clients served and ensure the cost-effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds provided the total projected carry-forward expenditures do not exceed the amounts estimated. The department shall implement the four new waiver programs such that decisions about enrollment levels and the amount, duration, and scope of services maintain expenditures within appropriations. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving

prior to placement, and the actual expenditures for all community services to support these clients.

(e) The department shall provide a status report on the transition, implementation, and operation of the four home and community-based waivers that will replace the community alternatives program waiver. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter for the quarters through December 2004, the following information for each home and community-based waiver: Total projected state and federal fiscal year expenditures, year-to-date actual expenditures compared to projected expenditures, year-to-date unduplicated clients compared to projected clients, actual average per capita costs compared to projected per capita costs, number of transfers between waivers, amount of emergency funds spent to date compared to projected emergency costs, state and federal funds transferred from the medicaid personal care program to the four home and community-based waiver programs, and the year-to-date number of new clients added to a waiver program.

(f) The department may transfer funding provided in this subsection to meet the purposes of subsection (2) of this section to the extent that fewer residents of residential habilitation centers choose to move to community placements than was assumed in this appropriation.

(g) $3,202,000 of the general fund--state appropriation for fiscal year 2004, $4,472,000 of the general fund--state appropriation for fiscal year 2005, and $7,633,000 of the general fund--federal appropriation are provided solely for the purpose of providing a wage increase effective October 1, 2003, for individual home care workers providing state-funded services. The amounts in this subsection also include the funds needed for the employer share of unemployment and social security taxes on the amount of the increase.

(h) $213,000 of the general fund--state appropriation for fiscal year 2004, $289,000 of the general fund--state appropriation for fiscal year 2005, and $500,000 of the general fund--federal appropriation are provided solely to increase payments to agency home care providers from $13.44 per hour to $14.27 per hour effective October 1, 2003. The amounts in this subsection shall be used to increase compensation for direct care workers by 75 cents per hour. The amounts in this

subsection also include the funds needed for the employer share of unemployment and social security taxes on the amount of the increase.

(i) $1,000,000 of the general fund--state appropriation for fiscal year 2005 and $300,000 of the general fund--federal appropriation are provided solely for employment and day services. Priority consideration for this new funding shall be young adults with developmental disabilities living with their family who need employment opportunities and assistance after high school graduation. Services shall be provided proportionately between waiver and nonwaiver clients. Federal funds may be used to enhance this funding only to the extent that a client is already on a home and community-based waiver. This funding shall not be used to add new clients to a home and community-based waiver.

(j) ((~~$312,000~~)) $347,000 of the general fund--state appropriation for fiscal year 2005 and ((~~$290,000~~)) $322,000 of the general fund--federal appropriation are provided solely to increase payments to agency home care providers from $14.27 per hour to $14.93 per hour, effective October 1, 2004. The amounts in this subsection shall be used to increase compensation for direct care workers by 50 cents per hour. The amounts in this subsection also include the funds needed for the employer share of unemployment and social security taxes on the amount of the increase.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2004) $67,708,000
General Fund--State Appropriation (FY 2005) $70,794,000
General Fund--Federal Appropriation $148,998,000
General Fund--Private/Local Appropriation $11,228,000
TOTAL APPROPRIATION $298,728,000

The appropriations in this subsection are subject to the following conditions and limitations: The department may transfer funding provided in this subsection to meet the purposes of subsection (1) of this section to the extent that more residents of residential habilitation centers choose to move to community placements than was assumed in this appropriation.

(3) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2004) $2,474,000
General Fund--State Appropriation (FY 2005) $3,208,000

General Fund--Federal Appropriation $4,209,000
Telecommunications Devices for the Hearing and
Speech Impaired Account Appropriation $891,000
TOTAL APPROPRIATION $10,782,000

The appropriation in this subsection is subject to the following conditions and limitations: $245,000 of the general fund--state appropriation for fiscal year 2004, $996,000 of the general fund--state appropriation for fiscal year 2005, and $1,258,000 of the general fund--federal appropriation are provided solely for the purpose of developing and implementing a consistent needs assessment instrument for use on all clients with developmental disabilities. In developing the instrument, the department shall develop a process for collecting data on family income for minor children with developmental disabilities who are clients of the department and shall ensure that this information is captured as part of the client assessment process.

(4) SPECIAL PROJECTS
General Fund--Federal Appropriation $13,604,000

Sec. 1106. 2004 c 276 s 206 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--AGING AND ADULT SERVICES PROGRAM

General Fund--State Appropriation (FY 2004) $523,896,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$578,270,000~~))
$561,504,000
General Fund--Federal Appropriation . . . . . ((~~$1,187,250,000~~))
$1,173,125,000
General Fund--Private/Local Appropriation $18,644,000
Health Services Account--State
Appropriation $4,888,000
TOTAL APPROPRIATION . . . . . ((~~$2,312,948,000~~))
$2,282,057,000

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

(1) The entire health services account appropriation, $1,476,000 of the general fund--state appropriation for fiscal year 2004, ((~~$1,043,000~~)) $3,838,000 of the general fund--state appropriation for

fiscal year 2005, and ((~~$6,851,000~~)) $9,924,000 of the general fund--federal appropriation are provided solely for health care benefits for home care workers who are employed through state contracts for at least twenty hours per week.

(a) Premium payments for individual provider home care workers shall be made only to the subsidized basic health plan, and only for persons with incomes below 200 percent of the federal poverty level.

(b) Home care agencies may obtain coverage either through the basic health plan or through an alternative plan with substantially equivalent benefits. Premium payments made to home care agencies shall be limited to home care workers who are employed at least twenty hours per week to serve state-funded clients. It is the intent of the legislature to fund the purchase of health care benefits for agency home care providers in a more fiscally prudent manner. The legislature encourages agency providers to purchase more cost-effective health care benefits, including increasing participation in the basic health plan or purchasing substantially equivalent benefits with substantially equivalent costs.

(2) $1,768,000 of the general fund--state appropriation for fiscal year 2004 and $1,768,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for operation of the volunteer chore services program.

(3) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall be no more than $142.04 for fiscal year 2004, and no more than ((~~$148.11~~)) $145.81 for fiscal year 2005. For all facilities, the direct care, therapy care, support services, and operations component rates established in accordance with chapter 74.46 RCW shall be adjusted for economic trends and conditions by 3.0 percent effective July 1, 2003, and by an additional 2.4 percent effective July 1, 2004.

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

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

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

(a) One waiver program shall include coverage of care in community residential facilities. Enrollment in the waiver shall not exceed 600 persons at any time.

(b) The second waiver program shall include coverage of in-home care. Enrollment in this second waiver shall not exceed 200 persons at any time.

(c) The department shall identify the number of medically needy nursing home residents, and enrollment and expenditures on each of the two medically needy waivers, on monthly management reports.

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

(e) If it is necessary to establish a waiting list for either waiver because the budgeted number of enrollment opportunities has been reached, the department shall track how the long-term care needs of applicants assigned to the waiting list are met.

(7) $118,000 of the general fund--state appropriation for fiscal year 2004, $118,000 of the general fund--state appropriation for fiscal year 2005, and $236,000 of the general fund--federal appropriation are provided solely for the department to assess at least annually each elderly resident residing in residential habilitation centers and state-operated living alternatives to determine if the resident can be more appropriately served in a less restrictive setting.

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

(b) In assessing an elderly resident under this section and to

ensure appropriate placement, the department shall identify the special needs of the resident, the types of services that will best meet those needs, and the type of facility that will best provide those services.

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

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

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

(8) Within funds appropriated in this section, the department may expand the number of boarding home beds participating in the dementia pilot project by up to 200. These additional beds shall provide persons with Alzheimer's disease or related dementias who might otherwise require nursing home care accommodation in licensed boarding home facilities that specialize in caring for such conditions.

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

(10) $6,418,000 of the general fund--state appropriation for fiscal year 2004, $8,620,000 of the general fund--state appropriation for fiscal year 2005, and $15,038,000 of the general fund--federal appropriation are provided solely for the purpose of providing a wage increase effective October 1, 2003, for individual home care workers providing state-funded services. The amounts in this subsection also include the funds needed for the employer share of unemployment and social security taxes on the amount of the increase.

(11) $2,294,000 of the general fund--state appropriation for fiscal year 2004, $3,266,000 of the general fund--state appropriation for fiscal year 2005, and $5,560,000 of the general fund--federal appropriation are provided solely to increase payments to agency home care providers from $13.44 per hour to $14.27 per hour effective October 1, 2003. The amounts in this subsection shall be used to increase compensation for direct care workers by 75 cents per hour. The amounts in this subsection also include the funds needed for the

employer share of unemployment and social security taxes on the amount of the increase.

(12) ((~~$1,952,000~~)) $2,114,000 of the general fund--state appropriation for fiscal year 2005 and ((~~$1,941,000~~)) $2,103,000 of the general fund--federal appropriation are provided solely to increase payments to agency home care providers from $14.27 per hour to $14.93 per hour, effective October 1, 2004. The amounts in this subsection shall be used to increase compensation for direct care workers by 50 cents per hour. The amounts in this subsection also include the funds needed for the employer share of unemployment and social security taxes on the amount of the increase.

(13) $500,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for area agencies on aging, or entities with which area agencies on aging contract, to provide support services for grandparents and other formal and informal kinship caregivers of children throughout the state.

(a) Support services shall include but not be limited to assistance in gaining access to those services, counseling, organization of support groups, and respite care.

(b) In providing support services under the kinship caregivers support program, area agencies on aging shall give priority to kinship caregivers who are at the greatest risk of being unable to maintain the caregiving role.

(c) In carrying out the kinship caregivers support program, each area agency on aging shall coordinate the activities of the agency, or entities with which the agency contracts, with the activities of other public and private agencies or organizations providing similar services for kinship caregivers.

Sec. 1107. 2004 c 276 s 207 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ECONOMIC SERVICES PROGRAM

General Fund--State Appropriation (FY 2004) $445,968,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$437,720,000~~)) $457,208,000

General Fund--Federal Appropriation . . . . . ((~~$1,208,746,000~~)) $1,216,706,000

General Fund--Private/Local Appropriation . . . . . ((~~$33,891,000~~)) $32,673,000

TOTAL APPROPRIATION . . . . . ((~~$2,126,325,000~~)) $2,152,555,000

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

(1) $273,652,000 of the general fund--state appropriation for fiscal year 2004, ((~~$273,695,000~~)) $278,695,000 of the general fund--state appropriation for fiscal year 2005, and $1,000,222,000 of the general fund--federal appropriation are provided solely for all components of the WorkFirst program. Within the amounts provided for the WorkFirst program, the department shall:

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

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

(2) $57,547,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$59,953,000~~)) $73,424,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for cash assistance and other services to recipients in the general assistance--unemployable program. Within these amounts, the department may expend funds for services that assist recipients to reduce their dependence on public assistance, provided that expenditures for these services and cash assistance do not exceed the funds provided.

(3) $936,000 of the general fund--state appropriation for fiscal year 2004 and $936,000 of the general fund--state appropriation for fiscal year 2005 are provided for the department to assist in naturalization efforts for legal aliens whose eligibility for federal

supplemental security income has expired. The department shall use funding previously spent on general assistance employment supports for these naturalization services.

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

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

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

(7) $1,250,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the department to maintain specialized employment services through the WorkFirst/LEP pathway program for refugees and other limited-English-proficient (LEP) families and individuals that receive temporary assistance for needy families, state family assistance, or refugee cash assistance benefits. These employment services include but are not limited to English as a second language (ESL), job placement assistance, and work support services.

(8) $96,000 of the general fund--state appropriation for fiscal year 2005, $16,000 of the general fund--federal appropriation, and $11,000 of the general fund--local appropriation are provided solely for the implementation of Engrossed Senate Bill No. 6411 (reducing hunger), including section 2 of the act. If the bill is not enacted by June 30, 2004, the amounts provided in this section shall lapse.

(9) $500,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for a subsidy rate increase for child care providers in urban areas of region 1.

Sec. 1108. 2004 c 276 s 208 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ALCOHOL AND SUBSTANCE ABUSE PROGRAM

General Fund--State Appropriation (FY 2004) $39,979,000
General Fund--State Appropriation (FY 2005) $41,201,000
General Fund--Federal Appropriation . . . . . ((~~$94,105,000~~))
$98,359,000
General Fund--Private/Local Appropriation $630,000
Public Safety and Education Account--State
Appropriation $2,060,000
Criminal Justice Treatment Account--State
Appropriation $8,950,000
Violence Reduction and Drug Enforcement Account--
State Appropriation $49,142,000
((~~Problem Gambling Treatment Account--State Appropriation . . . . . $500,000~~))
TOTAL APPROPRIATION . . . . . ((~~$236,567,000~~))
$240,321,000

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

(1) $966,197 of the general fund--state appropriation for fiscal year 2004 and $966,197 of the general fund--state appropriation for fiscal year 2005 are provided solely for the parent child assistance program. The department shall contract with the University of Washington and community-based providers in Spokane and Yakima for the provision of this program. For all contractors, indirect charges for administering the program shall not exceed ten percent of the total contract amount.

(2) $250,000 of the general fund--state appropriation for fiscal year 2005 is provided for the Washington state mentoring partnership.

((~~(3) $500,000 of the problem gambling treatment account appropriation is provided solely to implement Second Substitute House Bill No. 2776 (problem gambling). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.~~))

Sec. 1109. 2004 c 276 s 209 (uncodified) is amended to read as follows:

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

General Fund--State Appropriation (FY 2004) $1,119,073,000
General Fund--State Appropriation (FY 2005) . . . . ((~~$1,248,580,000~~)) $1,346,308,000
General Fund--Federal Appropriation . . . . . ((~~$3,892,248,000~~)) $3,903,616,000
General Fund--Private/Local Appropriation . . . . . ((~~$278,296,000~~)) $294,744,000
Emergency Medical Services and Trauma Care Systems
Trust Account--State Appropriation $14,004,000
Health Services Account--State Appropriation . . . . ((~~$708,854,000~~)) $687,951,000
TOTAL APPROPRIATION . . . . . ((~~$7,261,055,000~~)) $7,365,696,000

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

(1) Based on quarterly expenditure reports and caseload forecasts, if the department estimates that expenditures for the medical assistance program will exceed the appropriations, the department shall take steps including but not limited to reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

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

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

(4) $493,000 of the health services account appropriation for fiscal year 2004, ((~~$748,000~~)) $1,184,000 of the health services account appropriation for fiscal year 2005, and ((~~$1,241,000~~)) $1,438,000 of the general fund--federal appropriation are provided solely for implementation of a "ticket to work" medicaid buy-in program for working persons with disabilities, operated in accordance with the following conditions:

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

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

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

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

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

(6) Sufficient funds are appropriated in this section for the department to provide an adult dental benefit equivalent to approximately 75 percent of the dental benefit provided during the 2001-03 biennium. The department shall establish the scope of services to be provided within the available funds in consultation with dental providers and consumer representatives.

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

(8) In accordance with RCW 74.46.625, $35,953,000 of the fiscal year 2004 health services account appropriation, $20,577,000 of the fiscal year 2005 health services account appropriation, and $61,037,000 of the general fund--federal appropriation are provided solely for supplemental payments to nursing homes operated by rural public hospital districts. The payments shall be conditioned upon (a) a contractual commitment by ((~~the association of public hospital districts and~~)) participating rural public hospital districts to make an intergovernmental transfer to the state treasurer, for deposit into the health services account, equal to at least 91.9 percent of the supplemental payments; <u>and</u> (b) ((~~a contractual commitment by the association of public hospital districts to return at least 8.1 percent~~

~~of the supplemental payments to the participating rural hospital districts; and (c)~~)) a contractual commitment by the participating districts to not allow ((~~expenditures covered by the supplemental payments~~)) amounts intergovernmentally transferred to the state treasurer to be included in the nursing home cost report as expenditures or settlement against payments to be used for medicaid nursing home rate setting. It is the legislature's intent that the payments provided in this subsection shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs to improve access to healthcare at nursing facilities otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments. A ((~~hospital~~)) nursing home which does not participate in the supplemental payment intergovernmental transfer budgeted for fiscal year 2003 shall not be eligible to participate in the supplemental payments budgeted in this subsection for fiscal year 2004. The participating districts shall retain no more than a total of $9,600,000 for the 2003-05 biennium.

(9) $12,318,000 of the health services account appropriation for fiscal year 2004, $10,738,000 of the health services account appropriation for fiscal year 2005, and $23,056,000 of the general fund--federal appropriation are provided solely for additional disproportionate share and medicare upper payment limit payments to public hospital districts and to the state's teaching hospitals. The payments shall be conditioned upon a contractual commitment by the participating public hospitals to make an intergovernmental transfer to the health services account equal to at least 91 percent of the additional payments. The state's teaching hospitals shall retain at least 28 percent of the amounts retained by hospitals under these programs, or the maximum allowable under the teaching hospitals' limits as established under federal rule, whichever is less.

(10) $3,178,000 of the health services account appropriation, $4,208,000 of the general fund--local appropriation, and $7,308,000 of the general fund--federal appropriation are provided solely for grants to rural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available

funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(11) $36,002,000 of the health services account appropriation and $26,080,000 of the general fund--federal appropriation are provided solely for grants to nonrural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(12) $302,000 of the general fund--state appropriation for fiscal year 2004, ((~~$1,671,000~~)) $1,633,000 of the general fund--state appropriation for fiscal year 2005, and ((~~$17,757,000~~)) $17,410,000 of the general fund--federal appropriation are provided solely for development and implementation of a replacement system for the existing medicaid management information system. The medicaid management information system replacement project shall comply with section 902, chapter 25, Laws of 2003 1st sp. sess.

(13) The department shall implement a combination of cost containment and utilization strategies sufficient to reduce general fund--state costs for durable medical equipment and supplies in fiscal year 2005 by approximately 5 percent below the level projected for fiscal year 2005 in the February 2003 forecast. In designing strategies, the primary strategy considered shall be selective or direct contracting with durable medical equipment and supplies vendors or manufacturers.

(14) The department shall, within available resources, design and implement a medical care services care management pilot project for clients receiving general assistance benefits. The pilot project shall be operated in at least two of the counties with the highest concentration of general assistance clients, and may use a full or partial capitation model. In designing the project, the department shall consult with the mental health division and its managed care contractors that include community and migrant health centers in their provider network. The pilot project shall be designed to maximize care

coordination, high-risk medical management, and chronic care management to achieve better health outcomes. The pilot project shall begin enrollment on July 1, 2004.

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

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

(17) The department shall establish managed care rates within available funds, in a manner that promotes health plan efficiency, encourages continuity of service, and assures access in underserved areas.

(18) The department of social and health services, the office of the superintendent of public instruction, and the department of health should jointly 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 age of one year and among children entering the K-12 education system provides cost-effective ways to avoid higher health care spending later in life.

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

(20) ((~~For purposes of RCW 74.09.800(2), $8,017,000 of the general fund--state appropriation for fiscal year 2004, $8,454,000 of the general fund--state appropriation for fiscal year 2005, and $30,588,000 of the general fund--federal appropriation are provided solely to provide prenatal care services to low-income women who are not eligible to receive such services under the medical assistance program, Title~~

~~XIX of the federal social security act. If the department is unable to secure federal matching funds under Title XXI of the social security act, the department shall take all actions necessary to manage the program within these appropriated levels.~~

~~(21)~~)) $13,588,000 of the health services account appropriation for fiscal year 2004, $11,008,000 of the health services account appropriation for fiscal year 2005, and $24,595,000 of the general fund--federal appropriation are provided solely for additional disproportionate share hospital payments to public hospital districts. The payments shall be conditioned upon a contractual commitment by the participating hospital districts to make an intergovernmental transfer to the health services account equal to at least 86.5 percent of the additional disproportionate share payment. The participating districts shall retain no more than $6,607,000 of the total additional amount paid.

((~~(22) $10,000,000~~)) (21) $20,000,000 of the general fund--federal and ((~~$10,000,000~~)) $20,000,000 of the general fund--local funds are provided solely to increase payments in the inpatient upper payment limit program for the state's teaching hospitals. Payments shall be made to the extent allowable under federal medicaid rule and law. The department shall work with the teaching hospitals to identify allowable sources of funding for the required match and to assure that the teaching hospitals are responsible for repayment of any disallowed federal matching funds.

Sec. 1110. 2004 c 276 s 211 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ADMINISTRATION AND SUPPORTING SERVICES PROGRAM

General Fund--State Appropriation (FY 2004) $37,620,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$29,382,000~~))
$29,417,000

General Fund--Federal Appropriation . . . . . ((~~$52,580,000~~))
$52,599,000

General Fund--Private/Local Appropriation $810,000

Public Safety and Education Account--State
Appropriation $2,444,000

Violence Reduction and Drug Enforcement Account--

State Appropriation $4,152,000

TOTAL APPROPRIATION . . . . . ((~~$126,988,000~~))

<u>$127,042,000</u>

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

(1) $467,000 of the general fund--state appropriation for fiscal year 2004, $769,000 of the general fund--state appropriation for fiscal year 2005, and $1,236,000 of the general fund--federal appropriation are provided solely for transition costs associated with the downsizing effort at Fircrest school. The department shall organize the downsizing effort so as to minimize disruption to clients, employees, and the developmental disabilities program. The employees responsible for the downsizing effort shall report to the assistant secretary of the aging and disability services administration. Within the funds provided in this subsection, the department shall:

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

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

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

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

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

(2) $10,000,000 of the general fund--state appropriation for fiscal year 2004 is provided solely for one-time expenditures needed to meet the federally required level for state supplemental payments (SSP). The department shall transfer appropriate portions of this amount to other programs within the agency to accomplish this purpose. The

department shall not initiate new services with this funding that will cause total future SSP expenditures to exceed the required annual maintenance-of-effort level.

(3) $100,000 of the general fund--state appropriation for fiscal year 2004 and $100,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for a contract for expanded services of the teamchild project.

(4) $900,000 of the general fund--state appropriation for fiscal year 2004 and $900,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the continued implementation of the juvenile violence prevention grant program established in section 204, chapter 309, Laws of 1999.

Sec. 1111. 2004 c 276 s 212 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--PAYMENTS TO OTHER AGENCIES PROGRAM

General Fund--State Appropriation (FY 2004) $43,454,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$43,493,000~~))
$45,175,000
General Fund--Federal Appropriation . . . . . ((~~$43,321,000~~))
$43,981,000
TOTAL APPROPRIATION . . . . . ((~~$130,268,000~~))
$132,610,000

Sec. 1112. 2004 c 276 s 213 (uncodified) is amended to read as follows:

FOR THE STATE HEALTH CARE AUTHORITY

State Health Care Authority Administrative
Account--State Appropriation . . . . . ((~~$18,942,000~~))
$19,570,000
Health Services Account--State Appropriation . . . . ((~~$417,890,000~~))
$417,333,000
General Fund--Federal Appropriation . . . . . ((~~$3,875,000~~))
$3,804,000
Medical Aid Account--State Appropriation $213,000
TOTAL APPROPRIATION $440,920,000

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

(1) $2,500,000 of the health services account--state appropriation is provided solely to increase funding for health care services provided through local community clinics.

(2) The health services account--state appropriation contains funding to provide dental care at community clinics for persons who are not current medicaid recipients, and for interpreter services to support dental and medical services for persons for whom interpreters are not available from any other source.

(3) $50,000 of the health services account--state appropriation is provided solely to support the operation of an innovative clinic model for the delivery of health services to uninsured or publicly insured persons that is located in an urban underserved area and operated as a department or subsidiary of a hospital located in that underserved area; has been in operation for fewer than six months as of the effective date of this act; utilizes an innovative service delivery model that relies upon midlevel practitioners, volunteers, and students enrolled in health education programs and offers group visits for common conditions; and has a sliding fee schedule that assumes that every patient of the clinic will make some contribution towards the cost of his or her care.

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

(5) Within funds appropriated in this section and sections 205 and 206 of this act, the health care authority shall continue to provide an enhanced basic health plan subsidy for foster parents licensed under chapter 74.15 RCW and workers in state-funded home care programs. Under this enhanced subsidy option, foster parents and home care

workers with family incomes below 200 percent of the federal poverty level shall be allowed to enroll in the basic health plan at the minimum premium amount charged to enrollees with incomes below sixty-five percent of the federal poverty level.

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

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

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

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

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

(c) Develop clear audit and data requirements for contracting managed health care plans and improve consistency between claims 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.

Sec. 1113. 2004 c 276 s 214 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF LABOR AND INDUSTRIES

General Fund--State Appropriation (FY 2004) $5,863,000
General Fund--State Appropriation (FY 2005) $6,145,000
Public Safety and Education Account--State
Appropriation $22,391,000
Public Safety and Education Account--Federal
Appropriation $8,462,000
Asbestos Account--State Appropriation $717,000
Electrical License Account--State
Appropriation $29,589,000
Farm Labor Revolving Account--Private/Local
Appropriation $28,000
Worker and Community Right-to-Know Account--State
Appropriation $2,557,000
Public Works Administration Account--State
Appropriation $2,477,000
Accident Account--State Appropriation $188,181,000
Accident Account--Federal Appropriation $13,396,000
Medical Aid Account--State Appropriation $186,408,000
Medical Aid Account--Federal Appropriation $2,960,000
Plumbing Certificate Account--State
Appropriation $1,490,000

Pressure Systems Safety Account--State
Appropriation $2,878,000
TOTAL APPROPRIATION $473,542,000

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

(1) $90,000 of the electrical license account--state appropriation and $206,000 of the plumbing certificate account--state appropriation are provided solely to implement Engrossed Substitute Senate Bill No. 5713 (electrical contractors). If the bill is not enacted by June 30, 2003, the amounts provided in this subsection shall lapse.

(2) ((~~$578,000~~)) $1,031,000 of the accident account--state appropriation is provided solely for the purpose of:

(a) Contracting with medical laboratories, health care providers, and other appropriate entities to provide cholinesterase medical monitoring of farm workers who handle cholinesterase-inhibiting pesticides((~~, and~~));

(b) To collect and analyze data related to such monitoring((~~.~~

~~(3) $453,000 of the accident account--state appropriation is provided solely for the purpose of reimbursing~~));

(c) To reimburse agricultural employers for the costs of training, record-keeping, and travel related to cholinesterase medical monitoring of farm workers who handle cholinesterase((~~-inhibiting pesticides~~)).

((~~(4)~~)) (3) The department shall report to the office of financial management and the appropriate fiscal and policy committees of the legislature detailed information regarding administrative staffing levels and services by October 1, 2004, and prior to implementing phase II of the indirect cost study.

((~~(5)~~)) (4) $399,000 of the accident account--state appropriation and $399,000 of the medical aid account--state appropriation are provided solely for the expansion of workers' compensation fraud investigation activities. The department shall report quarterly to the office of financial management and the appropriate policy and fiscal committees of the legislature regarding the cost effectiveness of fraud activities, including the total dollars expended compared to total dollars recovered.

(5) If the department estimates that expenditures for crime victims compensation will exceed the appropriations, including any amounts provided in Senate Bill No. 5993, the department shall take steps,

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

Sec. 1114. 2004 c 276 s 215 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF VETERANS AFFAIRS

(1) HEADQUARTERS

General Fund--State Appropriation (FY 2004) $1,531,000

General Fund--State Appropriation (FY 2005) $1,536,000

Charitable, Educational, Penal, and Reformatory Institutions Account--State Appropriation $11,000

TOTAL APPROPRIATION $3,078,000

(2) FIELD SERVICES

General Fund--State Appropriation (FY 2004) $2,588,000

General Fund--State Appropriation (FY 2005) $2,596,000

General Fund--Federal Appropriation $309,000

General Fund--Private/Local Appropriation $1,668,000

TOTAL APPROPRIATION $7,161,000

(3) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2004) $7,380,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$6,020,000~~)) $6,136,000

General Fund--Federal Appropriation . . . . . ((~~$27,365,000~~)) $29,051,000

General Fund--Private/Local Appropriation . . . . . ((~~$27,822,000~~)) $26,345,000

TOTAL APPROPRIATION . . . . . ((~~$68,587,000~~)) $68,912,000

Sec. 1115. 2004 c 276 s 217 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF HEALTH

General Fund--State Appropriation (FY 2004) $57,853,000

General Fund--State Appropriation (FY 2005) $60,346,000

Health Services Account--State Appropriation . . . . . ((~~$36,989,000~~)) $34,163,000

General Fund--Federal Appropriation . . . . . ((~~$392,762,000~~))
$395,950,000
General Fund--Private/Local Appropriation . . . . . ((~~$93,601,000~~))
$99,368,000
Hospital Commission Account--State
Appropriation $2,490,000
Health Professions Account--State
Appropriation $40,285,000
Emergency Medical Services and Trauma Care Systems
Trust Account--State Appropriation $12,558,000
Safe Drinking Water Account--State
Appropriation $2,728,000
Drinking Water Assistance Account--Federal
Appropriation $15,654,000
Waterworks Operator Certification--State
Appropriation $1,053,000
Drinking Water Assistance Administrative Account--
State Appropriation $326,000
Water Quality Account--State Appropriation $3,359,000
Accident Account--State Appropriation $258,000
Medical Aid Account--State Appropriation $46,000
State Toxics Control Account--State
Appropriation $2,761,000
Medical Test Site Licensure Account--State
Appropriation $1,718,000
Youth Tobacco Prevention Account--State
Appropriation $1,806,000
Tobacco Prevention and Control Account--State
Appropriation $52,510,000
TOTAL APPROPRIATION . . . . . ((~~$779,103,000~~))
$785,232,000

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

(1) The department or any successor agency is authorized to raise existing fees charged for health care assistants, commercial shellfish paralytic shellfish poisoning, commercial shellfish licenses, newborn screening programs, psychiatrically impaired children and youth residential treatment, and in-home services in excess of the fiscal

growth factor established by Initiative Measure No. 601, if necessary, to meet the actual costs of conducting business and the appropriation levels in this section.

(2) $1,337,000 of the general fund--state fiscal year 2004 appropriation and $1,338,000 of the general fund--state fiscal year 2005 appropriation are provided solely for the implementation of the Puget Sound water work plan and agency action items, DOH-01, DOH-02, DOH-03, and DOH-04.

(3) The department of health shall not initiate any services that will 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 that provides appropriation authority, and an equal amount of appropriated state 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.

(4) ((~~$24,350,000~~)) $21,524,000 of the health services account--state appropriation is provided solely for the state's program of universal access to essential childhood vaccines. The department shall utilize all available federal funding before expenditure of these funds.

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

(6) The department of social and health services, the office of the superintendent of public instruction, and the department of health should jointly 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 age of one year and among children entering the K-12 education system provides cost-effective ways to avoid higher health care spending later in life.

(7) $92,000 of the general fund--state appropriation for fiscal year 2004, $19,000 of the general fund--state appropriation for fiscal year 2005, and $987,000 of the general fund--local appropriation are provided solely for implementation of Substitute House Bill No. 1338 (municipal water rights). If Substitute House Bill No. 1338 is not enacted by June 30, 2003, the amounts provided in this subsection shall lapse.

(8) $188,000 of the health professions account--state appropriation is provided solely to increase the regulation of sales of precursor drugs that are often used to illegally manufacture methamphetamine to implement Senate Bill No. 6478 (ephedrine). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(9) $25,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to develop and implement best practices in preventative health care for children. The department and the kids get care program of public health - Seattle and King county will work in collaboration with local health care agencies to disseminate strategic interventions that are focused on evidence-based best practices for improving health outcomes in children and saving health care costs. A report shall be provided to the appropriate committees of the legislature by June 30, 2005, on the program effectiveness and cost savings. This funding shall be matched by an equal amount of local funding.

(10) $250,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the department to implement a multiyear pilot project in Yakima county for persons with household income at or below 200 percent of the federal poverty level who are ineligible for family planning services through the medicaid program. Individuals who will be served under the pilot include women who have never been pregnant, are not currently pregnant, or are beyond the family planning extension period allowed for first steps program eligibility. It is anticipated that the pilot project will serve approximately 1,000 women annually. The department will provide a

preliminary report to the appropriate committees of the legislature by December 1, 2005.

Sec. 1116. 2004 c 276 s 218 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF CORRECTIONS. The appropriations to the department of corrections in this act shall be expended for the programs and in the amounts specified herein. However, after May 1, ((~~2004~~)) 2005, after approval by the director of financial management and unless specifically prohibited by this act, the department may transfer general fund--state appropriations for fiscal year ((~~2004~~)) 2005 between programs. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing prior to approving any deviations from appropriation levels.

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund--State Appropriation (FY 2004) $36,534,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$38,835,000~~)) $41,461,000

Public Safety and Education Account--State Appropriation $3,657,000

Violence Reduction and Drug Enforcement Account Appropriation $26,000

TOTAL APPROPRIATION . . . . . ((~~$79,052,000~~)) $81,678,000

The appropriations in this subsection are subject to the following conditions and limitations: $700,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$2,550,000~~)) $5,050,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the continuation of phase two of the department's offender-based tracking system replacement project. These amounts are conditioned on the department satisfying the requirements of section 902 of this act.

(2) CORRECTIONAL OPERATIONS

General Fund--State Appropriation (FY 2004) $458,402,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$477,061,000~~)) $489,605,000

General Fund--Federal Appropriation . . . . . ((~~$4,090,000~~))

$4,507,000

Violence Reduction and Drug Enforcement Account--

State Appropriation $3,008,000

TOTAL APPROPRIATION . . . . . ((~~$942,561,000~~))

$955,522,000

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

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

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

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

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

(e) For the acquisition of properties and facilities, the department of corrections is authorized to enter into financial contracts, paid for from operating resources, for the purposes indicated and in not more than the principal amounts indicated, plus financing expenses and required reserves pursuant to chapter 39.94 RCW. This authority applies to the following: Lease-develop with the option

to purchase or lease-purchase approximately 50 work release beds in facilities throughout the state for $3,500,000.

(f) $7,272,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the purposes of settling all claims in *Stamey, et al. v. State of Washington Department of Corrections,* Pierce County Superior Court Cause No. 03-2-06201-1. The expenditure of this appropriation is contingent on the release of all claims in the case, and total settlement costs shall not exceed the appropriation in this subsection (f). If settlement is not executed by June 30, 2005, the appropriation in this subsection (f) shall lapse.

(g) $810,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the purposes of settling all claims in *Arrasmith, et al. v. State of Washington Department of Corrections,* Pierce County Superior Court Cause No. 04-2-07177-7. The expenditure of this appropriation is contingent on the release of all claims in the case, and total settlement costs shall not exceed the appropriation in this subsection (g). If settlement is not executed by June 30, 2005, the appropriation in this subsection (g) shall lapse.

(3) COMMUNITY SUPERVISION

General Fund--State Appropriation (FY 2004) $87,626,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$88,564,000~~))
$84,711,000
Public Safety and Education
Account--State Appropriation $15,492,000
TOTAL APPROPRIATION . . . . . ((~~$191,682,000~~))
$187,829,000

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

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

(b) $75,000 of the general fund--state appropriation for fiscal year 2004 and $75,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the department of corrections to contract with the institute for public policy for responsibilities

assigned in chapter 196, Laws of 1999 (offender accountability act) and sections 7 through 12 of chapter 197, Laws of 1999 (drug offender sentencing).

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

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

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

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

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

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

(A) The availability of the technology, including a description of the system used and a discussion of the various types of global positioning system-based monitoring available and appropriate for a sex offender population;

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

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

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

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

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

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

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

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

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

(4) CORRECTIONAL INDUSTRIES

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

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

(5) INTERAGENCY PAYMENTS

General Fund--State Appropriation (FY 2004) $26,259,000
General Fund--State Appropriation (FY 2005) $26,288,000
TOTAL APPROPRIATION $52,547,000

The appropriations in this subsection are subject to the following conditions and limitations: $70,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the

implementation of Engrossed Second Substitute Senate Bill No. 6489 (correctional industries). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

Sec. 1117. 2004 c 276 s 219 (uncodified) is amended to read as follows:

FOR THE EMPLOYMENT SECURITY DEPARTMENT

General Fund--Federal Appropriation $267,586,000
General Fund--Private/Local Appropriation $30,103,000
Unemployment Compensation Administration Account--
Federal Appropriation $192,366,000
Administrative Contingency Account--State
Appropriation $11,221,000
Employment Service Administrative Account--State
Appropriation $23,184,000
TOTAL APPROPRIATION $524,460,000

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

(1) $100,000 of the administrative contingency account appropriation is provided solely to the employment security department for manufacturing economic research and surveys with findings reported to relevant legislative committees, business, and labor.

(2) $3,988,000 of the unemployment compensation administration account--federal appropriation is provided from funds made available to the state by section 903(d) of the Social Security Act (Reed Act). These funds are provided to replace obsolete information technology infrastructure.

(3) $3,500,000 of the unemployment compensation administration account--federal appropriation is provided from funds made available to the state by section 903(d) of the Social Security Act (Reed Act). These funds are authorized for employer outreach activities, employment service activities, and to prevent, detect, and collect unemployment insurance benefit overpayments.

<u>(4) $1,881,000 of the unemployment compensation administration account--federal appropriation is provided from funds made available to the state by section 903(d) of the social security act (Reed Act). These funds are authorized to build an electronic delivery system to</u>

improve the collection, storage, and access of claimant and employer documents used by the department.

(5) $2,065,000 of the unemployment compensation administration account--federal appropriation is provided from funds made available to the state by section 903(d) of the social security act (Reed Act). These funds are authorized to provide technology to collect information from unemployment insurance applicants at the beginning of the telephone interview.

(6) $4,337,000 of the unemployment compensation administration account--federal appropriation is provided from funds made available to the state by section 903(d) of the social security act (Reed Act). These funds are authorized to provide direct services to unemployment insurance claimants and providing job search review.

(End of part)

PART XII
NATURAL RESOURCES

Sec. 1201. 2004 c 276 s 301 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

General Fund--State Appropriation (FY 2004) $35,828,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$35,911,000~~)) <u>$36,184,000</u>
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 $2,159,000
State Emergency Water Projects Revolving Account--
State Appropriation $725,000
Waste Reduction/Recycling/Litter Control Account--
State Appropriation $13,714,000
State Drought Preparedness Account--State
Appropriation $1,858,000
State and Local Improvements Revolving Account
(Water Supply Facilities)--State
Appropriation $593,000
Site Closure Account--State Appropriation . . . . . ((~~$629,000~~)) <u>$653,000</u>
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 . . . . . ((~~$59,427,000~~)) <u>$60,039,000</u>

State Toxics Control Account--Private/Local
Appropriation $353,000
Local Toxics Control Account--State
Appropriation $4,878,000
Water Quality Permit Account--State
Appropriation $25,741,000
Underground Storage Tank Account--State
Appropriation $2,710,000
Environmental Excellence Account--State
Appropriation $504,000
Biosolids Permit Account--State Appropriation $784,000
Hazardous Waste Assistance Account--State
Appropriation $4,535,000
Air Pollution Control Account--State
Appropriation $1,654,000
Oil Spill Prevention Account--State
Appropriation $7,889,000
Air Operating Permit Account--State
Appropriation $3,693,000
Freshwater Aquatic Weeds Account--State
Appropriation $2,503,000
Oil Spill Response Account--State
Appropriation $7,078,000
Metals Mining Account--State Appropriation $19,000
Water Pollution Control Revolving Account--
State Appropriation $387,000
Water Pollution Control Revolving Account--
Federal Appropriation $1,901,000
TOTAL APPROPRIATION . . . . . ((~~$308,042,000~~))
<u>$308,951,000</u>

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

(1) $2,757,696 of the general fund--state appropriation for fiscal year 2004, $2,757,696 of the general fund--state appropriation for fiscal year 2005, $394,000 of the general fund--federal appropriation, $2,581,000 of the state toxics account--state appropriation, $217,830 of the water quality account--state appropriation, $322,976 of the state drought preparedness account--state appropriation, $3,748,220 of

the water quality permit account--state appropriation, and $704,942 of the oil spill prevention account are provided solely for the implementation of the Puget Sound work plan and agency action items DOE-01, DOE-02, DOE-04, DOE-05, DOE-06, DOE-07, DOE-08, and DOE-09.

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

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

(4) $730,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$1,270,000~~)) $1,543,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for shoreline grants to local governments to implement Substitute Senate Bill No. 6012 (shoreline management), chapter 262, Laws of 2003.

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

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

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

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

(9) $144,000 of the oil spill prevention account--state appropriation is provided solely to implement the provisions of

Substitute Senate Bill No. 6641 (oil spills). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(10) $536,000 of the water quality permit account--state appropriation is provided solely to implement the provisions of Engrossed Substitute Senate Bill No. 6415 (storm water discharge permits). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(11) $218,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to implement the provisions of Engrossed Second Substitute Senate Bill No. 5957 (water quality data). If the bill is not enacted by June 30, 2004, the amounts provided in this subsection shall lapse.

(12) $100,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to support the initial phase of the federal United States Geological Survey study of the Spokane Valley-Rathdrum Prairie aquifer.

(13) $65,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to implement Engrossed Substitute House Bill No. 2488 (electronic products). If the bill is not enacted by June 30, 2004, the amounts provided in this subsection shall lapse.

(14) $1,043,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for (a) establishing instream flows by rule for main stem rivers and their key tributaries. In watersheds where planning is not being conducted pursuant to chapter 90.82 RCW, the department shall follow the procedures and applicable requirements of chapters 90.22 and 90.54 RCW, and shall create a process of public involvement similar to that of a watershed planning unit under the provisions of chapter 90.82 RCW, in order to ensure that citizens are informed and afforded the opportunity to participate in the development of instream flow recommendations in collaboration with the department; (b) working with counties that have existing geographic information systems to map existing water rights and document current ownership and evaluating alternative administrative systems for determining existing water rights; and (c) assigning one water master to a basin that has been adjudicated.

(15) $2,500,000 of the general fund--state appropriation for fiscal

year 2004 is provided solely for a one-time payment to settle all claims in a suit against the state in the *Envirotest v. Department of Ecology,* Thurston Co. Sup. Ct. Case No. 02-2-00255-0.

(16) $350,000 of the hazardous waste assistance account appropriation is provided solely for rulemaking to require closure plans, liability coverage, and financial assurances for hazardous waste management facilities.

(17) $300,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to assist in watershed planning efforts. Of this amount, $200,000 is provided solely for mediation efforts with the Lummi nation to pursue resolution of federal and tribal rights to water in Washington state consistent with comprehensive state water resources planning under chapter 90.54 RCW and $100,000 is provided solely for coordination and staff support for the Nisqually river council watershed initiative program.

(18)(a) $166,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for rulemaking and development of chemical action plans for persistent bioaccumulative toxins. Of this amount:

(i) $83,000 is provided solely for the development of a chemical action plan for the chemical compounds known as PBDE (polybrominated diphenyl ethers); and

(ii) $83,000 is provided solely for rulemaking to develop specific criteria by which chemicals may be included on a persistent bioaccumulative toxins list, develop a specific list of persistent bioaccumulative toxins and establish criteria for selecting chemicals for chemical action plans. The department shall develop the criteria and list consistent with the administrative procedure act provided under chapter 34.05 RCW and shall not adopt the rule prior to the adjournment of the 2005 legislative session. The department shall make recommendations to the legislature by December 31, 2004, regarding future funding alternatives to address persistent bioaccumulative toxins.

(b) $159,000 of the state toxics control account appropriation is provided solely to implement the mercury chemical action plan. Of this amount: (i) $84,000 is provided for development of a memorandum of understanding with the Washington state hospital association and the

auto recyclers of Washington to ensure the safe removal and disposal of products containing mercury; and (ii) $75,000 is provided for ongoing fluorescent lamp recycling.

Any pesticide with a valid registration on or after the effective date of this act issued by the environmental protection agency under the federal insecticide, fungicide and rodenticide act, 7 U.S.C. 136 et seq., or any fertilizer regulated under the Washington fertilizer act, chapter 15.54 RCW, shall not be included in a persistent bioaccumulative toxin rulemaking process, list, or chemical action plan undertaken by the department of ecology.

(19) $120,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for a wetland mitigation banking pilot project. The department shall work with representatives from involved state agencies, the army corps of engineers, business, mitigation banking organizations, and environmental organizations to develop and implement a wetland banking rule. The department shall report to the appropriate committees of the legislature on the progress of the rule by December 2004.

(20) Within the amounts appropriated in this section the department shall convene and provide staff support for a water resources administration and funding task force. The task force shall develop proposals for and recommend several options for funding the state's water resource programs, including both operating programs and capital costs for water program implementation. The task force must report its findings and recommendations to the governor and the appropriate committees of the legislature by December 15, 2004. The task force shall include representatives of each of the following interests, selected by the associations representing those interests:

(i) One representative from each of the following interests: Agriculture, industry, environmental, fisheries, water utilities, and power utilities;

(ii) One representative of cities and one representative of counties;

(iii) Two representatives of Indian tribes, one from eastern Washington and one from western Washington;

(iv) Three representatives of the executive branch of state government; and

(v) The department of ecology shall invite a representative of the United States bureau of reclamation to participate as a member of the task force.

Sec. 1202. 2004 c 276 s 302 (uncodified) is amended to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

General Fund--State Appropriation (FY 2004) $30,015,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$30,034,000~~))
<u>$30,398,000</u>
General Fund--Federal Appropriation $2,666,000
General Fund--Private/Local Appropriation $63,000
Winter Recreation Program Account--State
Appropriation $1,079,000
Off Road Vehicle Account--State Appropriation $285,000
Snowmobile Account--State Appropriation $4,790,000
Aquatic Lands Enhancement Account--State
Appropriation $332,000
Public Safety and Education Account--State
Appropriation $47,000
Parks Renewal and Stewardship Account--
Private/Local Appropriation $300,000
Parks Renewal and Stewardship Account--
State Appropriation . . . . . ((~~$34,431,000~~))
<u>$34,744,000</u>
TOTAL APPROPRIATION . . . . . ((~~$104,042,000~~))
<u>$104,719,000</u>

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

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

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

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

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

(5) $72,000 of the parks renewal and stewardship account--state appropriation is provided solely for one-time and ongoing computer system improvements and technical support.

(6) $106,000 of the general fund--state appropriation for fiscal year 2005 and $158,000 of the parks renewal and stewardship account--state appropriation are provided solely for employee retirement buyout costs.

Sec. 1203. 2004 c 276 s 304 (uncodified) is amended to read as follows:

FOR THE ENVIRONMENTAL HEARINGS OFFICE

General Fund--State Appropriation (FY 2004) $934,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$998,000~~)) $1,021,000

TOTAL APPROPRIATION . . . . . ((~~$1,932,000~~)) $1,955,000

The appropriations in this section are subject to the following conditions and limitations: $30,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$20,000~~)) $43,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to implement Engrossed Substitute Senate Bill No. 5776 (review of permit decisions), chapter 393, Laws of 2003.

Sec. 1204. 2004 c 276 s 306 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF FISH AND WILDLIFE

General Fund--State Appropriation (FY 2004) $41,600,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$40,584,000~~)) $40,634,000

General Fund--Federal Appropriation . . . . . ((~~$40,316,000~~)) $41,816,000

General Fund--Private/Local Appropriation . . . . . ((~~$29,420,000~~))
$34,345,000

Off Road Vehicle Account--State
Appropriation $501,000

Aquatic Lands Enhancement Account--State
Appropriation $5,620,000

Public Safety and Education Account--State
Appropriation $562,000

Recreational Fisheries Enhancement Account--
State Appropriation . . . . . ((~~$3,467,000~~))
$3,692,000

Warm Water Game Fish Account--State
Appropriation $2,568,000

Eastern Washington Pheasant Enhancement Account--
State Appropriation $750,000

Wildlife Account--State Appropriation . . . . . ((~~$58,922,000~~))
$59,382,000

Wildlife Account--Federal Appropriation $29,532,000

Wildlife Account--Private/Local
Appropriation $10,038,000

Special Wildlife Account--State
Appropriation $2,068,000

Special Wildlife Account--Federal
Appropriation . . . . . ((~~$8,720,000~~))
$7,720,000

Special Wildlife Account--Private/Local
Appropriation . . . . . ((~~$450,000~~))
$1,450,000

Environmental Excellence Account--State
Appropriation $15,000

Regional Fisheries Salmonid Recovery Account--
Federal Appropriation . . . . . ((~~$1,750,000~~))
$2,750,000

Oil Spill Prevention Account--State
Appropriation $981,000

Oyster Reserve Land Account--State
Appropriation $411,000

TOTAL APPROPRIATION . . . . . ((~~$278,275,000~~))

$286,435,000

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

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

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

(3) $1,016,000 of the wildlife account--state appropriation is provided solely for stewardship and maintenance needs on agency-owned lands and water access sites.

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

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

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

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

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

(9) Within funds provided, the department shall make available

enforcement and biological staff to respond and take appropriate action to ensure public safety in response to public complaints regarding bear and cougar.

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

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

(12) $25,000 of the general fund--state appropriation for fiscal year 2004 and $25,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to implement Engrossed Second Substitute House Bill No. 1338 (municipal water rights). If the bill is not enacted by June 30, 2003, the amounts provided in this subsection shall lapse.

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

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

(15) $75,000 of the recreational fisheries enhancement account and $75,000 of the state wildlife account--state appropriation are provided solely to implement additional selective recreational fisheries to include one additional fishery each in eastern and western Washington. The department shall determine the eastern Washington fishery, and the western Washington fishery shall be for Lake Washington sockeye.

(16) $16,000 of the wildlife account--state appropriation is provided solely for implementation of Substitute House Bill No. 2621 (razor clam license). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(17) $417,000 of the wildlife account--state appropriation is provided solely to implement Substitute House Bill No. 2431 (Dungeness crab card). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(18) $112,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to buy back purse seine fishing licenses.

(19) $180,000 of the wildlife account--state appropriation is provided solely to test deer and elk for chronic wasting disease and to document the extent of swan lead poisoning. Of this amount, $65,000 is provided solely to document the extent of swan lead poisoning and to begin environmental cleanup.

(20) ((~~$122,000 of the wildlife account--state appropriation is provided solely to reimburse the department of natural resources for fire suppression costs incurred on department of fish and wildlife lands.~~

~~(21)~~)) $150,000 of the general fund--state appropriation for fiscal year 2005 and $150,000 of the wildlife account--state appropriation are provided solely to complete phase II of the contract management system (CAPS). The CAPS system phase II shall be operational no later than June 30, 2005.

((~~(22)~~)) (21) From within existing funding, the department shall provide a report to the appropriate committees of the legislature identifying options for reducing future allocations for the harvest of salmon in the event that a group's actual catch exceeds a current allocation. The report shall identify any statutory changes that would be required to implement such an accountability system.

((~~(23)~~)) (22) $50,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for lease payments for the Vancouver hatchery staff residence and for the development of plans for an educational facility in cooperation with the Columbia Springs environmental education center.

(23) $50,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for pheasant brood stock replacement and follow up sanitation and clean up of the Lewis county game farm.

Sec. 1205. 2004 c 276 s 307 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF NATURAL RESOURCES

General Fund--State Appropriation (FY 2004) $54,189,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$36,554,000~~)) $47,583,000

General Fund--Federal Appropriation . . . . . ((~~$5,116,000~~)) $5,281,000

General Fund--Private/Local Appropriation $2,482,000

Forest Development Account--State Appropriation $52,075,000

Off Road Vehicle Account--State Appropriation $4,029,000

Surveys and Maps Account--State Appropriation $2,761,000

Aquatic Lands Enhancement Account--State Appropriation $8,925,000

Resources Management Cost Account--State Appropriation $70,418,000

Surface Mining Reclamation Account--State Appropriation $2,293,000

Disaster Response Account--State Appropriation $7,200,000

State Toxics Control Account--State Appropriation . . . . ((~~$750,000~~)) $890,000

Water Quality Account--State Appropriation $2,479,000

Aquatic Land Dredged Material Disposal Site Account--State Appropriation $1,311,000

Natural Resource Conservation Areas Stewardship Account Appropriation $83,000

Air Pollution Control Account--State Appropriation $526,000

Agricultural College Trust Management Account Appropriation $1,868,000

Derelict Vessel Removal Account--State Appropriation $1,130,000

TOTAL APPROPRIATION . . . . . ((~~$254,189,000~~)) $265,523,000

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

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

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

(3) $24,674,000 of the general fund--state appropriation for fiscal year 2004, ((~~$8,358,000~~)) $19,087,000 of the general fund--state appropriation for fiscal year 2005, and $7,200,000 of the disaster response account--state appropriation are provided solely for emergency fire suppression. These funds shall not be allocated to cover any portion of agency indirect and administrative expenses. The legislature finds that general fund and disaster response account support for emergency fire suppression is a significant and direct subsidy of the costs to administer and manage various trust lands. It would be an unintended additional subsidy if a portion of the general fund and disaster response account amounts provided in this subsection were used to fund agency indirect and administrative expenses. To avoid this unintended additional subsidy, agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations.

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

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

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

(7) Authority to expend funding for acquisition of technology

equipment and software associated with development of a new revenue management system is conditioned on compliance with section 902 of this act.

(8) $1,000,000 of the aquatic lands enhancement account--state appropriation ((~~is~~)) and $140,000 of the state toxics control account--state appropriation are provided solely for the department to meet its obligations with the U.S. environmental protection agency for the clean-up of Commencement Bay.

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

(a) Number of sales conducted through contract harvesting;

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

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

(10) $208,000 of the general fund--state appropriation of fiscal year 2004 and $70,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to implement Second Substitute House Bill No. 1095 (small forest landowners), chapter 311, Laws of 2003.

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

(12) $4,000 of the general fund--state appropriation for fiscal year 2004 and $4,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to compensate the forest board trust for a portion of the lease to the Crescent television improvement district consistent with RCW 79.12.055.

(13) $2,700,000 of the general fund--state appropriation for fiscal year 2004 is provided solely to the department of natural resources to acquire approximately 232 acres of land and timber in Klickitat county from the SDS lumber company. Expenditure of the moneys provided in this subsection shall not be made until the SDS lumber company accepts the land and timber acquisition as full and complete settlement of the current litigation brought by the SDS lumber company against the state and the litigation is dismissed, with prejudice. The land and timber acquired with the funding in this subsection shall be managed for the benefit of the common schools. By June 30, 2004, if the department has not recovered through trust asset management the state's capital investment from the land acquisition provided in this subsection, the department shall seek reimbursement from the federal government.

(14) $265,000 of the aquatic lands enhancement account appropriation is provided solely for developing a pilot project to study the feasibility of geoduck aquaculture on both intertidal and subtidal lands in the state of Washington.

(15) $60,000 of the general fund--state appropriation for fiscal year 2004 is provided solely for habitat restoration work in the Loomis natural resource area.

(16) $200,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for providing public access to camp sites and trails maintained by the department. This additional funding, along with existing funding from the off road vehicle account is intended to fully fund current access to camp sites and trails. If additional funding is required to avoid closures to camp sites and trails during the 2003-05 biennium, the department shall reduce expenditures for agency administration by five percent and redeploy those general fund resources to the recreation program prior to closing any camp sites or trails.

(17) $40,000 of the aquatic lands enhancement account appropriation is provided solely for the department to (a) calculate the rent for DNR-leased marinas based on a percentage of a marina's income and (b) recommend an appropriate formula to the 2005 legislature.

(18)(a) $2,000,000 of the general fund--state appropriation for fiscal year 2005, $750,000 of the state toxics control account--state appropriation, and $2,000,000 of the aquatic lands enhancement account--state appropriation are provided solely for the purpose of

settling *Pacific Sound Resources v. Burlington Northern Santa Fe Railroad, et al*. In the event: (i) A final settlement agreement is not signed by the port of Seattle, Pacific Sound Resources, and the department of natural resources by March 25, 2004; or (ii) the U.S. environmental protection agency, or the department of justice if necessary, fail to settle with the state and the department and provide a covenant not to sue and contribution protection with no additional consideration required, then $550,000 of the general fund--state appropriation for fiscal year 2005 shall be available to use to fund the existing PSR litigation and the remainder of the amounts provided in this subsection (a) shall lapse.

(b) $300,000 of the general fund--state appropriation for fiscal year 2004 is provided solely for legal defense costs in *Pacific Sound Resources v. Burlington Northern Santa Fe Railroad et al*.

Sec. 1206. 2004 c 276 s 308 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF AGRICULTURE

General Fund--State Appropriation (FY 2004) $7,636,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$10,941,000~~))
<u>$11,019,000</u>
General Fund--Federal Appropriation $10,068,000
General fund--Private/Local Appropriation $1,110,000
Aquatic Lands Enhancement Account--State
Appropriation . . . . . ((~~$2,027,000~~))
<u>$2,149,000</u>
Water Quality Account--State Appropriation $692,000
State Toxics Control Account--State
Appropriation $2,780,000
Water Quality Permit Account--State Appropriation $165,000
TOTAL APPROPRIATION . . . . . ((~~$35,419,000~~))
<u>$35,619,000</u>

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

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

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

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

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

(5) $42,000 of the general fund--state appropriation for fiscal year 2004 and $287,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for animal identification, food safety, and commercial feed inspection programs.

(6) $150,000 of the general fund--state appropriation for fiscal year 2004 is provided solely for response costs to the discovery of bovine spongiform encephalopathy in a Washington dairy cow.

(7) $630,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the "from the heart of Washington" campaign, southeast Asia/China trade representatives, domestic marketing/economic development, food and agriculture industry security, and for the small farm and direct marketing program.

(8) $85,000 of the aquatic lands enhancement account appropriation is provided solely for spartina eradication efforts in Willapa Bay and Grays Harbor.

(9) $330,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to contract with Washington State University for research and development activities related to asparagus harvesting and automation technology.

(10) $1,500,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the purchase of agricultural products packing equipment. The department shall negotiate an appropriate agreement with the agricultural industry for the use of the equipment.

<u>(11) $500,000 of the general fund--state appropriation for fiscal</u>

year 2005 is provided solely for control of Japanese knotweed in Washington state.

(End of part)

PART XIII
TRANSPORTATION

Sec. 1301. 2004 c 276 s 402 (uncodified) is amended to read as follows:

FOR THE STATE PATROL

General Fund--State Appropriation (FY 2004) $20,005,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$18,855,000~~))
$21,702,000
General Fund--Federal Appropriation . . . . . ((~~$4,240,000~~))
$4,490,000
General Fund--Private/Local Appropriation $378,000
Death Investigations Account--State
Appropriation $4,489,000
Public Safety and Education Account--State
Appropriation $21,969,000
Enhanced 911 Account--State Appropriation $612,000
County Criminal Justice Assistance Account--State
Appropriation $2,649,000
Municipal Criminal Justice Assistance Account--
State Appropriation $1,087,000
Fire Service Trust Account--State
Appropriation $125,000
Fire Service Training Account--State
Appropriation $7,374,000
State Toxics Control Account--State
Appropriation $436,000
Violence Reduction and Drug Enforcement Account--
State Appropriation $286,000
Fingerprint Identification Account--State
Appropriation $5,393,000
TOTAL APPROPRIATION . . . . . ((~~$87,898,000~~))
$90,995,000

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

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

(2) $200,000 of the fire service training account--state appropriation is provided solely for two FTE's in the office of state fire marshal to exclusively review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this appropriation to provide these services only to those districts that are located in counties without qualified review capabilities.

(3) $376,000 of the public safety and education account--state appropriation is provided solely for additional DNA testing kits.

(4) $276,000 of the fingerprint identification account--state appropriation is provided solely for the implementation of Substitute House Bill No. 2532 (modifying commercial driver's license provisions). If the bill is not enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(End of part)

PART XIV
EDUCATION

Sec. 1401. 2004 c 276 s 501 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

(1) STATE AGENCY OPERATIONS

General Fund--State Appropriation (FY 2004) $11,615,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$11,846,000~~)) $12,011,000

General Fund--Federal Appropriation . . . . . ((~~$26,968,000~~)) $28,635,000

TOTAL APPROPRIATION . . . . . ((~~$50,429,000~~)) $52,261,000

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. Within the amounts provided in this subsection, the superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award. The students selected for the award must demonstrate understanding through completion of at least one of the classroom-based civics assessment models developed by the superintendent of public instruction, and through leadership in the civic life of their communities. The superintendent shall select two students from eastern Washington and two students from western Washington to receive the award, and shall notify the governor and legislature of the names of the recipients.

(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 $476,000 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. Within the amounts provided, the Washington professional educator standards board (WPESB) shall submit a report regarding specific implementation strategies to strengthen mathematics initiatives by improving teacher knowledge and skill development including: (i) Teacher preparation program approval standard changes; (ii) teacher certification requirement changes and the development of new expertise credentials; (iii) state-established standards to guide the approval of professional development providers and offerings related to mathematics; and (iv) other related recommendations. The WPESB shall base the recommendations on determinations of the status of teacher preparation and professional development opportunities and work with appropriate parties. The WPESB shall submit the report to the governor, superintendent of public instruction, state board of education, and the education and fiscal committees of the legislature by November 1, 2004.

(d) ((~~$130,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5012 or Second Substitute House Bill No. 2295 (charter schools). If neither bill is enacted by June 30, 2004, the amount 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 age of one year and among children entering the K-12 education system provide cost-effective ways to avoid higher health spending later in life.

((~~(f)~~)) (e) $44,000 of the general fund--state appropriation for fiscal year 2005 is provided solely to implement Substitute Senate Bill No. 6171 (complaints against school employees) or Second Substitute Senate Bill No. 5533 (disclosure of misconduct). If neither bill is enacted by June 30, 2004, the amount provided in this subsection shall lapse.

(f) $295,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for increased attorney general fees related to *School Districts' Alliance for Adequate Funding of Special Education et al. v State of Washington et al.*, Thurston County Superior Court Cause No. 04-2-02000-7.

(2) STATEWIDE PROGRAMS

General Fund--State Appropriation (FY 2004) $8,676,000
General Fund--State Appropriation (FY 2005) $9,885,000
General Fund--Federal Appropriation . . . . . ((~~$61,656,000~~))
$63,394,000
TOTAL APPROPRIATION . . . . . ((~~$80,217,000~~))
$81,955,000

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

(a) HEALTH AND SAFETY

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

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

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

(B) The superintendent of public instruction shall participate in a school safety center advisory committee that includes representatives of educators, classified staff, principals, superintendents, administrators, the American society for industrial security, the state criminal justice training commission, and others deemed appropriate and approved by the school safety center advisory committee. Members of the committee shall be chosen by the groups they represent. In addition, the Washington association of sheriffs and police chiefs shall appoint representatives of law enforcement to participate on the school safety center advisory committee. The advisory committee shall select a chair.

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

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

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

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

(iv) $12,917,000 of the general fund--federal appropriation is provided for safe and drug free schools and communities grants for drug and violence prevention activities and strategies.

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

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

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

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

(b) TECHNOLOGY

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

(c) GRANTS AND ALLOCATIONS

(i) $16,000 of the fiscal year 2004 appropriation and $689,000 of the fiscal year 2005 appropriation are provided solely for the special services pilot projects provided by Second Substitute House Bill No. 2012 (special services pilot program). The office of the superintendent of public instruction shall allocate these funds to the district or districts participating in the pilot program according to the provisions of section 2 subsection (4) of Second Substitute House Bill No. 2012, chapter 33, Laws of 2003.

(ii) A maximum of $761,000 of the general fund--state appropriation for fiscal year 2004 and a maximum of $1,097,000 of the general fund--state appropriation for fiscal year 2005 are provided for alternative certification routes. Funds may be used by the professional educator standards board to continue existing alternative-route grant programs and to create new alternative-route programs in regions of the state with service shortages.

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

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

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

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

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

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

(ix) $25,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the school safety center advisory committee to identify instructional materials and resources for students, parents, and teachers that are designed to prevent the abduction of children.

(x) $75,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for deposit in the natural science, wildlife, and environmental partnership account--state for the grant program established in chapter 22, Laws of 2003 (ESHB 1466).

(xi) $100,000 of the general fund--state appropriation for fiscal year 2005 is provided solely as one-time funding for the Washington virtual classroom consortium administered by the Quillayute valley school district.

(xii) $1,650,000 of the general fund--federal appropriation is provided for the advanced placement fee program to increase opportunities for low-income students and under-represented populations to participate in advanced placement courses and to increase the capacity of schools to provide advanced placement courses to students.

(xiii) $9,953,000 of the general fund--federal appropriation is provided for comprehensive school reform demonstration projects to provide grants to low-income schools for improving student achievement through adoption and implementation of research-based curricula and instructional programs.

(xiv) ((~~$12,941,000~~)) $14,679,000 of the general fund--federal appropriation is provided for 21st century learning center grants, providing after-school and inter-session activities for students.

Sec. 1402. 2004 c 276 s 502 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT

General Fund--State Appropriation (FY 2004) $3,976,507,000
General Fund--State Appropriation (FY 2005) . . . . ((~~$3,988,649,000~~))
$3,987,326,000
TOTAL APPROPRIATION . . . . . ((~~$7,965,156,000~~))
$7,963,833,000

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

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

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

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

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

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

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

(iv) An additional 4.2 certificated instructional staff units for grades K-3 and an additional 7.2 certificated instructional staff units for grade 4. Any funds allocated for the additional certificated units provided in this subsection (iv) shall not be considered as basic education funding;

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

(A) Funds provided under this subsection (2)(a)(iv) and (v) in excess of the amount required to maintain the statutory minimum ratio established under RCW 28A.150.260(2)(b) shall be allocated only if the district documents an actual ratio in grades K-4 equal to or greater than 54.0 certificated instructional staff per thousand full-time equivalent students in the 2003-04 school year and 53.2 certificated instructional staff per thousand full-time equivalent students in the 2004-05 school year. For any school district documenting a lower

certificated instructional staff ratio, the allocation shall be based on the district's actual grades K-4 certificated instructional staff ratio achieved in that school year, or the statutory minimum ratio established under RCW 28A.150.260(2)(b), if greater;

(B) Districts at or above 51.0 certificated instructional staff per one thousand full-time equivalent students in grades K-4 may dedicate up to 1.3 of the 54.0 funding ratio in the 2003-04 school year, and up to 1.3 of the 53.2 funding ratio in the 2004-05 school year, to employ additional classified instructional assistants assigned to basic education classrooms in grades K-4. For purposes of documenting a district's staff ratio under this section, funds used by the district to employ additional classified instructional assistants shall be converted to a certificated staff equivalent and added to the district's actual certificated instructional staff ratio. Additional classified instructional assistants, for the purposes of this subsection, shall be determined using the 1989-90 school year as the base year;

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

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

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

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

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

(ii) Vocational full-time equivalent enrollment shall be reported on the same monthly basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported vocational enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support; and

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

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

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

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

(e) For specified enrollments in districts enrolling more than twenty-five but not more than one hundred average annual full-time equivalent students in grades K-8, and for small school plants within any school district which enroll more than twenty-five average annual

full-time equivalent students in grades K-8 and have been judged to be remote and necessary by the state board of education:

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

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

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

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

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

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

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

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

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

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

(b) For all other enrollment in grades K-12, including vocational full-time equivalent enrollments, one classified staff unit for each sixty average annual full-time equivalent students; and

(c) For each nonhigh school district with an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit.

(4) Fringe benefit allocations shall be calculated at a rate of 9.68 percent in the 2003-04 school year and ((~~9.69~~)) 9.66 percent in the 2004-05 school year for certificated salary allocations provided under subsection (2) of this section, and a rate of 12.25 percent in the 2003-04 school year and ((~~12.25~~)) 12.22 percent in the 2004-05 school year for classified salary allocations provided under subsection (3) of this section.

(5) Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504(2) of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsection (2) of this section; and

(b) The number of classified staff units determined in subsection (3) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purposes of distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(6)(a) For nonemployee-related costs associated with each certificated staff unit allocated under subsection (2)(a), (b), and (d) through (h) of this section, there shall be provided a maximum of $8,785 per certificated staff unit in the 2003-04 school year and a maximum of $8,855 per certificated staff unit in the 2004-05 school year.

(b) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(A) of this section, there shall be provided a maximum of $21,573 per certificated staff unit in the 2003-04 school year and a maximum of $21,746 per certificated staff unit in the 2004-05 school year.

(c) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(B) of this section, there shall be provided a maximum of $16,739 per certificated staff unit in the 2003-04 school year and a maximum of $16,873 per certificated staff unit in the 2004-05 school year.

(7) Allocations for substitute costs for classroom teachers shall be distributed at a maintenance rate of $531.09 for the 2003-04 and 2004-05 school years per allocated classroom teachers exclusive of salary increase amounts provided in section 504 of this act. Solely for the purposes of this subsection, allocated classroom teachers shall be equal to the number of certificated instructional staff units allocated under subsection (2) of this section, multiplied by the ratio between the number of actual basic education certificated teachers and the number of actual basic education certificated instructional staff reported statewide for the prior school year.

(8) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

(9) The superintendent may distribute a maximum of $6,385,000 outside the basic education formula during fiscal years 2004 and 2005 as follows:

(a) For fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW, a maximum of $495,000 may be expended in fiscal year 2004 and a maximum of $499,000 may be expended in fiscal year 2005;

(b) For summer vocational programs at skills centers, a maximum of

$2,035,000 may be expended for the 2004 fiscal year and a maximum of $2,035,000 for the 2005 fiscal year;

(c) A maximum of $351,000 may be expended for school district emergencies; and

(d) A maximum of $485,000 each fiscal year may be expended for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to exceed $500 per full-time equivalent student enrolled in those programs.

(10) For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 3.4 percent from the 2002-03 school year to the 2003-04 school year and 2.5 percent from the 2003-04 school year to the 2004-05 school year.

(11) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (2)(b) through (h) of this section, the following shall apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection (2)(a) through (h) of this section shall be reduced in increments of twenty percent per year.

((~~(12) $401,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5012 or Second Substitute House Bill No. 2295 (charter schools). If neither bill is enacted by June 30, 2004, the amount provided in this subsection shall lapse.~~))

Sec. 1403. 2004 c 276 s 503 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--BASIC EDUCATION EMPLOYEE COMPENSATION. (1) The following calculations determine the

salaries used in the general fund allocations for certificated instructional, certificated administrative, and classified staff units under section 502 of this act:

(a) Salary allocations for certificated instructional staff units shall be determined for each district by multiplying the district's certificated instructional total base salary shown on LEAP Document 12E by the district's average staff mix factor for certificated instructional staff in that school year, computed using LEAP Document 1Sa for the 2003-04 school year and LEAP Document 1Sb for the 2004-05 school year; and

(b) Salary allocations for certificated administrative staff units and classified staff units for each district shall be based on the district's certificated administrative and classified salary allocation amounts shown on LEAP Document 12E.

(2) For the purposes of this section:

(a) "LEAP Document 1Sa" means the computerized tabulation establishing staff mix factors for certificated instructional staff for the 2003-04 school year according to education and years of experience, as developed by the legislative evaluation and accountability program committee on March 31, 2003, at 09:06 hours;

(b) "LEAP Document 1Sb" means the computerized tabulation establishing staff mix factors for certificated instructional staff for the 2004-05 school year according to education and years of experience, as developed by the legislative evaluation and accountability program committee on March 31, 2003, at 09:06 hours; and

(c) "LEAP Document 12E" means the computerized tabulation of 2003-04 and 2004-05 school year salary allocations for certificated administrative staff and classified staff and derived and total base salaries for certificated instructional staff as developed by the legislative evaluation and accountability program committee on March 31, 2003, at 09:06 hours.

(3) Incremental fringe benefit factors shall be applied to salary adjustments at a rate of 9.04 percent for school year 2003-04 and ((~~9.05~~)) 9.02 percent for school year 2004-05 for certificated staff and for classified staff 8.75 percent for school year 2003-04 and ((~~8.75~~)) 8.72 percent for the 2004-05 school year.

(4)(a) Pursuant to RCW 28A.150.410, the following state-wide salary

allocation schedules for certificated instructional staff are established for basic education salary allocations:

K-12 Salary Allocation Schedule For Certificated Instructional Staff

2003-04 School Year

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 or PHD
0	29,149	29,936	30,752	31,568	34,192	35,881	34,947	37,570	39,262
1	29,540	30,339	31,165	32,019	34,669	36,350	35,335	37,985	39,665
2	30,060	30,870	31,709	32,633	35,289	36,995	35,901	38,556	40,262
3	30,747	31,574	32,429	33,392	36,069	37,833	36,630	39,306	41,071
4	31,285	32,151	33,017	34,018	36,724	38,510	37,208	39,914	41,701
5	31,840	32,716	33,594	34,655	37,365	39,196	37,798	40,509	42,340
6	32,251	33,108	34,016	35,131	37,827	39,667	38,213	40,910	42,750
7	33,139	34,012	34,937	36,118	38,868	40,769	39,185	41,934	43,836
8	34,202	35,122	36,069	37,348	40,135	42,106	40,414	43,202	45,172
9		36,272	37,266	38,591	41,443	43,481	41,656	44,510	46,548
10			38,477	39,898	42,788	44,894	42,964	45,855	47,960
11				41,243	44,196	46,344	44,309	47,263	49,410
12				42,545	45,642	47,854	45,707	48,708	50,921
13					47,123	49,401	47,154	50,189	52,467
14					48,611	51,006	48,644	51,775	54,073
15					49,876	52,333	49,908	53,121	55,479
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

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 or PHD
0	30,023	30,834	31,674	32,516	35,218	36,958	35,995	38,697	40,439
1	30,427	31,249	32,100	32,979	35,709	37,440	36,395	39,125	40,855
2	30,812	31,642	32,502	33,449	36,171	37,920	36,798	39,520	41,269
3	31,209	32,047	32,916	33,893	36,610	38,401	37,180	39,895	41,687
4	31,598	32,473	33,347	34,358	37,091	38,895	37,580	40,313	42,118

5	32,000	32,879	33,762	34,829	37,552	39,392	37,987	40,711	42,551
6	32,413	33,273	34,186	35,306	38,016	39,866	38,404	41,114	42,963
7	33,139	34,012	34,937	36,118	38,868	40,769	39,185	41,934	43,836
8	34,202	35,122	36,069	37,348	40,135	42,106	40,414	43,202	45,172
9		36,272	37,266	38,591	41,443	43,481	41,656	44,510	46,548
10			38,477	39,898	42,788	44,894	42,964	45,855	47,960
11				41,243	44,196	46,344	44,309	47,263	49,410
12				42,545	45,642	47,854	45,707	48,708	50,921
13					47,123	49,401	47,154	50,189	52,467
14					48,611	51,006	48,644	51,775	54,073
15					49,876	52,333	49,908	53,121	55,479
16 or More					50,873	53,379	50,906	54,183	56,588

(b) As used in this subsection, the column headings "BA+(N)" refer to the number of credits earned since receiving the baccalaureate degree.

(c) For credits earned after the baccalaureate degree but before the masters degree, any credits in excess of forty-five credits may be counted after the masters degree. Thus, as used in this subsection, the column headings "MA+(N)" refer to the total of:

(i) Credits earned since receiving the masters degree; and

(ii) Any credits in excess of forty-five credits that were earned after the baccalaureate degree but before the masters degree.

(5) For the purposes of this section:

(a) "BA" means a baccalaureate degree.

(b) "MA" means a masters degree.

(c) "PHD" means a doctorate degree.

(d) "Years of service" shall be calculated under the same rules adopted by the superintendent of public instruction.

(e) "Credits" means college quarter hour credits and equivalent in-service credits computed in accordance with RCW 28A.415.020 and 28A.415.023.

(6) No more than ninety college quarter-hour credits received by any employee after the baccalaureate degree may be used to determine compensation allocations under the state salary allocation schedule and LEAP documents referenced in this act, or any replacement schedules and documents, unless:

(a) The employee has a masters degree; or

(b) The credits were used in generating state salary allocations before January 1, 1992.

(7) The certificated instructional staff base salary specified for each district in LEAP Document 12E and the salary schedules in subsection (4)(a) of this section include two learning improvement days. A school district is eligible for the learning improvement day funds only if the learning improvement days have been added to the 180-day contract year. If fewer days are added, the additional learning improvement allocation shall be adjusted accordingly. The additional days shall be for activities related to improving student learning consistent with education reform implementation, and shall not be considered part of basic education. The length of a learning improvement day shall not be less than the length of a full day under the base contract. The superintendent of public instruction shall ensure that school districts adhere to the intent and purposes of this subsection.

(8) The salary allocation schedules established in this section are for allocation purposes only except as provided in RCW 28A.400.200(2), subsection (7) of this section, and section 504(1) of this act.

Sec. 1404. 2004 c 276 s 504 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS

General Fund--State Appropriation (FY 2004) $28,604,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$132,202,000~~)) $132,232,000

General Fund--Federal Appropriation . . . . . ((~~$663,000~~)) $655,000

TOTAL APPROPRIATION . . . . . ((~~$161,469,000~~)) $161,491,000

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

(1) $8,944,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$20,339,000~~)) $20,366,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to provide a salary adjustment for state formula certificated instructional staff units in their first seven years of service. Consistent with the

statewide certificated instructional staff salary allocation schedule in section 503 of this act, sufficient funding is provided to increase the salary of certificated instructional staff units in the 2003-04 school year and the 2004-05 school year by the following percentages: Three percent for certificated instructional staff in their first and second years of service; two and one-half percent for certificated instructional staff in their third year of service; one and one-half percent for certificated instructional staff in their fourth year of service; one percent for certificated instructional staff in their fifth year of service; and one-half of a percent for certificated instructional staff in their sixth and seventh years of service. These increases will take effect September 1, 2003 and September 1, 2004.

(a) In order to receive funding provided in this subsection, school districts shall certify to the office of superintendent of public instruction that they will provide the percentage increases in the amounts specified in this subsection. In cases where a school district providing the increases in the amounts specified in this subsection would cause that school district to be out of compliance with RCW 28A.400.200, they may provide salary increases in different amounts but only to the extent necessary to come into compliance with RCW 28A.400.200. Funds provided in this subsection shall be used exclusively for providing the percentage increases specified in this subsection to the certificated staff units in their first seven years of service and shall not be used to supplant any other state or local funding for compensation for these staff.

(b) The appropriations include associated incremental fringe benefit allocations at rates of 9.04 percent for school year 2003-04 and ((~~9.05~~)) 9.02 percent for school year 2004-05 for certificated staff. Increases for general apportionment (basic education) are based on the salary allocation schedules and methodology in sections 502 and 503 of this act. Increases for special education result from increases in each district's basic education allocation per student. Increases for educational service districts and institutional education programs are determined by the superintendent of public instruction using the methodology for general apportionment salaries and benefits in sections 502 and 503 of this act.

(2) ((~~$5,452,000~~)) $5,443,000 of the general fund--state appropriation is provided solely to provide a salary adjustment for

state formula classified units of one percent effective September 1, 2004, and ((~~$126,598,000~~)) $126,605,000 is provided solely for adjustments to insurance benefit allocations.

(a)(i) In order to receive funding provided in this subsection for salary adjustments for state formula classified units, school districts shall certify to the office of superintendent of public instruction that they will provide the percentage increases in the amounts specified in this subsection. Funds provided in this subsection for this purpose shall be used exclusively for providing the percentage increases specified in this subsection to classified staff units and shall not be used to supplant any other state or local funding for compensation for these staff.

(ii) The appropriations include associated incremental fringe benefit allocations at rates of ((~~8.75~~)) 8.72 percent for the 2004-05 school year for classified staff. The appropriations in this section include the increased portion of salaries and incremental fringe benefits for all relevant state-funded school programs in this part V of this act. Increases for general apportionment (basic education) are based on the salary allocation schedules and methodology in sections 502 and 503 of this act. Increases for special education result from increases in each district's basic education allocation per student. Increases for educational service districts and institutional education programs are determined by the superintendent of public instruction using the methodology for general apportionment salaries and benefits in sections 502 and 503 of this act.

(b) The maintenance rate for insurance benefit allocations is $457.07 per month for the 2003-04 and 2004-05 school years. The appropriations in this section provide for a rate increase to $481.31 per month for the 2003-04 school year and $582.47 per month for the 2004-05 school year.

(3) The appropriations in this section provide salary adjustments and incremental fringe benefit allocations based on formula adjustments as follows:

	School Year	
	2003-04	2004-05
Pupil Transportation (per weighted pupil mile)	$0.00	$0.22

Highly Capable (per formula student)	$0.93	$1.89
Transitional Bilingual Education (per eligible bilingual student)	$2.45	$4.97
Learning Assistance (per entitlement unit)	$0.69	$2.94

(4) The adjustments to insurance benefit allocations are at the following rates:

	School Year	
	2003-04	2004-05
Pupil Transportation (per weighted pupil mile)	$0.22	$1.14
Highly Capable (per formula student)	$1.52	$7.72
Transitional Bilingual Education (per eligible bilingual student)	$3.92	$20.30
Learning Assistance (per entitlement unit)	$3.08	$15.95

(5) The rates specified in this section are subject to revision each year by the legislature.

Sec. 1405. 2004 c 276 s 505 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PUPIL TRANSPORTATION

General Fund--State Appropriation (FY 2004) $215,454,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$219,899,000~~))
$232,295,000

TOTAL APPROPRIATION . . . . . ((~~$435,353,000~~))
$447,749,000

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

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

(2) A maximum of $768,000 of this fiscal year 2004 appropriation and a maximum of $774,000 of the fiscal year 2005 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(3) $5,000 of the fiscal year 2004 appropriation and $5,000 of the fiscal year 2005 appropriation are provided solely for the transportation of students enrolled in "choice" programs. Transportation shall be limited to low-income students who are transferring to "choice" programs solely for educational reasons.

(4) Allocations for transportation of students shall be based on reimbursement rates of $39.21 per weighted mile in the 2003-04 school year and $39.30 per weighted mile in the 2004-05 school year exclusive of salary and benefit adjustments provided in section 504 of this act. Allocations for transportation of students transported more than one radius mile shall be based on weighted miles as determined by superintendent of public instruction multiplied by the per mile reimbursement rates for the school year pursuant to the formulas adopted by the superintendent of public instruction. Allocations for transportation of students living within one radius mile shall be based on the number of enrolled students in grades kindergarten through five living within one radius mile of their assigned school multiplied by the per mile reimbursement rate for the school year multiplied by 1.29.

(5) For busses purchased between July 1, 2003, and June 30, 2004, the office of superintendent of public instruction shall provide reimbursement funding to a school district only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195. The competitive specifications shall meet federal motor vehicle safety standards, minimum state specifications as established by rule by the superintendent, and supported options as determined by the superintendent in consultation with the regional transportation coordinators of the educational service districts.

Sec. 1406. 2004 c 276 s 506 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL FOOD SERVICE PROGRAMS

General Fund--State Appropriation (FY 2004) $3,100,000

General Fund--State Appropriation (FY 2005) $3,100,000

General Fund--Federal Appropriation . . . . . ((~~$252,128,000~~))

268,293,000

TOTAL APPROPRIATION . . . . . ((~~$258,328,000~~))
$274,493,000

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

(1) $3,000,000 of the general fund--state appropriation for fiscal year 2004 and $3,000,000 of the general fund--state appropriation for fiscal year 2005 are provided for state matching money for federal child nutrition programs.

(2) $100,000 of the general fund--state appropriation for fiscal year 2004 and $100,000 of the 2005 fiscal year appropriation are provided for summer food programs for children in low-income areas.

Sec. 1407. 2004 c 276 s 507 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2004) $435,061,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$426,802,000~~))
$430,000,000
General Fund--Federal Appropriation . . . . . ((~~$426,450,000~~))
$426,218,000
TOTAL APPROPRIATION . . . . . ((~~$1,288,313,000~~))
$1,291,279,000

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

(1) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter 28A.155 RCW through the general apportionment allocation, it shall provide services through the special education excess cost allocation funded in this section.

(2)(a) The superintendent of public instruction shall use the excess cost methodology developed and implemented for the 2001-02

school year using the S-275 personnel reporting system and all related accounting requirements to ensure that:

(i) Special education students are basic education students first;

(ii) As a class, special education students are entitled to the full basic education allocation; and

(iii) Special education students are basic education students for the entire school day.

(b) The S-275 and accounting changes in effect since the 2001-02 school year shall supercede any prior excess cost methodologies and shall be required of all school districts.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4) The superintendent of public instruction shall distribute state and federal funds to school districts based on two categories: The optional birth through age two program for special education eligible developmentally delayed infants and toddlers, and the mandatory special education program for special education eligible students ages three to twenty-one. A "special education eligible student" means a student receiving specially designed instruction in accordance with a properly formulated individualized education program.

(5)(a) For the 2003-04 and 2004-05 school years, the superintendent shall make allocations to each district based on the sum of:

(i) A district's annual average headcount enrollment of developmentally delayed infants and toddlers ages birth through two, multiplied by the district's average basic education allocation per full-time equivalent student, multiplied by 1.15; and

(ii) A district's annual average full-time equivalent basic education enrollment multiplied by the funded enrollment percent determined pursuant to subsection (6)(b) of this section, multiplied by the district's average basic education allocation per full-time equivalent student multiplied by 0.9309.

(b) For purposes of this subsection, "average basic education allocation per full-time equivalent student" for a district shall be based on the staffing ratios required by RCW 28A.150.260 and shall not include enhancements, secondary vocational education, or small schools.

(6) The definitions in this subsection apply throughout this section.

(a) "Annual average full-time equivalent basic education enrollment" means the resident enrollment including students enrolled through choice (RCW 28A.225.225) and students from nonhigh districts (RCW 28A.225.210) and excluding students residing in another district enrolled as part of an interdistrict cooperative program (RCW 28A.225.250).

(b) "Enrollment percent" means the district's resident special education annual average enrollment, excluding the birth through age two enrollment, as a percent of the district's annual average full-time equivalent basic education enrollment.

Each district's general fund--state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent. Increases in enrollment percent from 12.7 percent to 13.0 percent shall be funded from the general fund--federal appropriation.

(7) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with subsection (6)(b) of this section, and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(8) To the extent necessary, $25,746,000 of the general fund--federal appropriation is provided for safety net awards for districts with demonstrated needs for state special education funding beyond the amounts provided in subsection (5) of this section. If safety net awards exceed the amount appropriated in this subsection (8), the superintendent shall expend all available federal discretionary funds necessary to meet this need. Safety net funds shall be awarded by the state safety net oversight committee subject to the following conditions and limitations:

(a) The committee shall consider unmet needs for districts that can convincingly demonstrate that all legitimate expenditures for special education exceed all available revenues from state funding formulas. In the determination of need, the committee shall also consider additional available revenues from federal and local sources.

Differences in program costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(b) The committee shall then consider the extraordinary high cost needs of one or more individual special education students. Differences in costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(c) The maximum allowable indirect cost for calculating safety net eligibility may not exceed the federal restricted indirect cost rate for the district plus one percent.

(d) Safety net awards shall be adjusted based on the percent of potential medicaid eligible students billed as calculated by the superintendent in accordance with chapter 318, Laws of 1999.

(e) Safety net awards must be adjusted for any audit findings or exceptions related to special education funding.

(9) The superintendent of public instruction may adopt such rules and procedures as are necessary to administer the special education funding and safety net award process. Prior to revising any standards, procedures, or rules, the superintendent shall consult with the office of financial management and the fiscal committees of the legislature.

(10) The safety net oversight committee appointed by the superintendent of public instruction shall consist of:

(a) One staff from the office of superintendent of public instruction;

(b) Staff of the office of the state auditor; and

(c) One or more representatives from school districts or educational service districts knowledgeable of special education programs and funding.

(11) A maximum of $678,000 may be expended from the general fund--state appropriations to fund 5.43 full-time equivalent teachers and 2.1 full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(12) $1,000,000 of the general fund--federal appropriation is provided for projects to provide special education students with appropriate job and independent living skills, including work

experience where possible, to facilitate their successful transition out of the public school system. The funds provided by this subsection shall be from federal discretionary grants.

(13) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high-cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(14) A maximum of $1,200,000 of the general fund--federal appropriation may be expended by the superintendent for projects related to use of inclusion strategies by school districts for provision of special education services. The superintendent shall prepare an information database on laws, best practices, examples of programs, and recommended resources. The information may be disseminated in a variety of ways, including workshops and other staff development activities.

(15) A school district may carry over from one year to the next year up to 10 percent of the general fund--state funds allocated under this program; however, carry over funds shall be expended in the special education program.

Sec. 1408. 2004 c 276 s 508 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR EDUCATIONAL SERVICE DISTRICTS

General Fund--State Appropriation (FY 2004) $3,538,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$3,538,000~~))
$3,537,000
TOTAL APPROPRIATION . . . . . ((~~$7,076,000~~))
$7,075,000

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

(1) The educational service districts shall continue to furnish financial services required by the superintendent of public instruction and RCW 28A.310.190 (3) and (4).

(2) The educational service districts, at the request of the state board of education pursuant to RCW 28A.310.010 and 28A.310.340, may

receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and submit to the state board of education post-site visit recommendations for school accreditation. The educational service districts may assess a cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

Sec. 1409. 2004 c 276 s 509 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT ASSISTANCE

General Fund--State Appropriation (FY 2004) $163,049,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$165,578,000~~))
$164,860,000
TOTAL APPROPRIATION . . . . . ((~~$328,627,000~~))
$327,909,000

Sec. 1410. 2004 c 276 s 510 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR INSTITUTIONAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2004) $18,207,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$18,176,000~~))
$18,313,000
TOTAL APPROPRIATION . . . . . ((~~$36,383,000~~))
$36,520,000

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

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

(2) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.

(3) State funding for each institutional education program shall be

based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.

(4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.

(5) $190,000 of the general fund--state appropriation for fiscal year 2004 and $142,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, and programs for juveniles under the juvenile rehabilitation administration.

(6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

Sec. 1411. 2004 c 276 s 511 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS

General Fund--State Appropriation (FY 2004) $6,620,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$6,632,000~~)) $6,683,000

TOTAL APPROPRIATION . . . . . ((~~$13,252,000~~)) $13,303,000

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

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

(2) Allocations for school district programs for highly capable students shall be distributed at a maximum rate of $334.89 per funded student for the 2003-04 school year and ((~~$334.91~~)) $334.85 per funded student for the 2004-05 school year, exclusive of salary and benefit

adjustments pursuant to section 504 of this act. The number of funded students shall be a maximum of two percent of each district's full-time equivalent basic education enrollment.

(3) $170,000 of the fiscal year 2004 appropriation and $170,000 of the fiscal year 2005 appropriation are provided for the centrum program at Fort Worden state park.

(4) $90,000 of the fiscal year 2004 appropriation and $90,000 of the fiscal year 2005 appropriation are provided for the Washington destination imagination network and future problem-solving programs.

Sec. 1412. 2004 c 276 s 513 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--EDUCATION REFORM PROGRAMS

General Fund--State Appropriation (FY 2004) $38,417,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$37,709,000~~))
<u>$37,270,000</u>
General Fund--Federal Appropriation . . . . . ((~~$164,087,000~~))
<u>$128,906,000</u>
TOTAL APPROPRIATION . . . . . ((~~$240,213,000~~))
<u>$204,593,000</u>

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

(1) $310,000 of the general fund--state appropriation for fiscal year 2004 and $310,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the academic achievement and accountability commission.

(2) $15,486,000 of the general fund--state appropriation for fiscal year 2004, $13,103,000 of the general fund--state appropriation for fiscal year 2005, and ((~~$12,310,000~~)) <u>$14,009,000</u> of the general fund--federal appropriation are provided solely for development and implementation of the Washington assessments of student learning (WASL), including development and implementation of retake assessments for high school students who are not successful in one or more content areas of the WASL, development of alternative assessments or appeals procedures to implement the certificate of academic achievement, and independent research on the alignment and technical review of reading, writing, and science.

(3) $548,000 of the fiscal year 2004 general fund--state appropriation and $548,000 of the fiscal year 2005 general fund--state appropriation are provided solely for training of paraprofessional classroom assistants and certificated staff who work with classroom assistants as provided in RCW 28A.415.310.

(4) $2,348,000 of the general fund--state appropriation for fiscal year 2004 and $2,348,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for mentor teacher assistance, including state support activities, under RCW 28A.415.250 and 28A.415.260, and for a mentor academy. Up to $200,000 of the amount in this subsection may be used each fiscal year to operate a mentor academy to help districts provide effective training for peer mentors. Funds for the teacher assistance program shall be allocated to school districts based on the number of first year beginning teachers.

(a) A teacher assistance program is a program that provides to a first year beginning teacher peer mentor services that include but are not limited to:

(i) An orientation process and individualized assistance to help beginning teachers who have been hired prior to the start of the school year prepare for the start of a school year;

(ii) The assignment of a peer mentor whose responsibilities to the beginning teacher include but are not limited to constructive feedback, the modeling of instructional strategies, and frequent meetings and other forms of contact;

(iii) The provision by peer mentors of strategies, training, and guidance in critical areas such as classroom management, student discipline, curriculum management, instructional skill, assessment, communication skills, and professional conduct. A district may provide these components through a variety of means including one-on-one contact and workshops offered by peer mentors to groups, including cohort groups, of beginning teachers;

(iv) The provision of release time, substitutes, mentor training in observation techniques, and other measures for both peer mentors and beginning teachers, to allow each an adequate amount of time to observe the other and to provide the classroom experience that each needs to work together effectively;

(v) Assistance in the incorporation of the essential academic learning requirements into instructional plans and in the development

of complex teaching strategies, including strategies to raise the achievement of students with diverse learning styles and backgrounds; and

(vi) Guidance and assistance in the development and implementation of a professional growth plan. The plan shall include a professional self-evaluation component and one or more informal performance assessments. A peer mentor may not be involved in any evaluation under RCW 28A.405.100 of a beginning teacher whom the peer mentor has assisted through this program.

(b) In addition to the services provided in (a) of this subsection, an eligible peer mentor program shall include but is not limited to the following components:

(i) Strong collaboration among the peer mentor, the beginning teacher's principal, and the beginning teacher;

(ii) Stipends for peer mentors and, at the option of a district, for beginning teachers. The stipends shall not be deemed compensation for the purposes of salary lid compliance under RCW 28A.400.200 and are not subject to the continuing contract provisions of Title 28A RCW; and

(iii) To the extent that resources are available for this purpose and that assistance to beginning teachers is not adversely impacted, the program may serve second year and more experienced teachers who request the assistance of peer mentors.

(5) $1,959,000 of the general fund--state appropriation for fiscal year 2004 and $1,959,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for improving technology infrastructure, monitoring and reporting on school district technology development, promoting standards for school district technology, promoting statewide coordination and planning for technology development, and providing regional educational technology support centers, including state support activities, under chapter 28A.650 RCW. The superintendent of public instruction shall coordinate a process to facilitate the evaluation and provision of online curriculum courses to school districts which includes the following: Creation of a general listing of the types of available online curriculum courses; a survey conducted by each regional educational technology support center of school districts in its region regarding the types of online curriculum courses desired by school districts; a process to evaluate and

recommend to school districts the best online courses in terms of curriculum, student performance, and cost; and assistance to school districts in procuring and providing the courses to students.

(6) $3,594,000 of the general fund--state appropriation for fiscal year 2004 and $3,594,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for grants to school districts to provide a continuum of care for children and families to help children become ready to learn. Grant proposals from school districts shall contain local plans designed collaboratively with community service providers. If a continuum of care program exists in the area in which the school district is located, the local plan shall provide for coordination with existing programs to the greatest extent possible. Grant funds shall be allocated pursuant to RCW 70.190.040.

(7) $2,500,000 of the general fund--state appropriation for fiscal year 2004 and $2,500,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the meals for kids program under RCW 28A.235.145 through 28A.235.155.

(8) $705,000 of the general fund--state appropriation for fiscal year 2004 and $705,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(9) A maximum of $250,000 of the general fund--state appropriation for fiscal year 2004 and a maximum of $250,000 of the general fund--state appropriation for fiscal year 2005 are provided for summer accountability institutes offered by the superintendent of public instruction and the academic achievement and accountability commission. The institutes shall provide school district staff with training in the analysis of student assessment data, information regarding successful district and school teaching models, research on curriculum and instruction, and planning tools for districts to improve instruction in reading, mathematics, language arts, social studies, including civics, and guidance and counseling.

(10) $3,713,000 of the general fund--state appropriation for fiscal year 2004 and $3,713,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the Washington reading corps subject to the following conditions and limitations:

(a) Grants shall be allocated to schools and school districts to implement proven, research-based mentoring and tutoring programs in

reading that may include research-based reading skills development software for low-performing students in grades K-6. If the grant is made to a school district, the principals of schools enrolling targeted students shall be consulted concerning design and implementation of the program.

(b) The programs may be implemented before, after, or during the regular school day, or on Saturdays, summer, intercessions, or other vacation periods.

(c) Two or more schools may combine their Washington reading corps programs.

(d) A program is eligible for a grant if it meets the following conditions:

(i) The program employs methods of teaching and student learning based on reliable reading/literacy research and effective practices;

(ii) The program design is comprehensive and includes instruction, on-going student assessment, professional development, parental/community involvement, and program management aligned with the school's reading curriculum;

(iii) It provides quality professional development and training for teachers, staff, and volunteer mentors and tutors;

(iv) It has measurable goals for student reading aligned with the essential academic learning requirements;

(v) It contains an evaluation component to determine the effectiveness of the program; and

(vi) The program may include a software-based solution to increase the student/tutor ratio to a minimum of 5:1. The selected software program shall be scientifically researched-based.

(e) Funding priority shall be given to low-performing schools.

(f) Beginning and end-of-program testing data shall be available to determine the effectiveness of funded programs and practices. Common evaluative criteria across programs, such as grade-level improvements shall be available for each reading corps program. The superintendent of public instruction shall provide program evaluations to the governor and the appropriate committees of the legislature. Administrative and evaluation costs may be assessed from the annual appropriation for the program.

(g) Grants provided under this section may be used by schools and

school districts for expenditures from September 2003 through August 31, 2005.

(11) $1,313,000 of the general fund--state appropriation for fiscal year 2004 and ((~~$2,473,000~~)) $2,034,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for salary bonuses for teachers who attain certification by the national board for professional teaching standards, subject to the following conditions and limitations:

(a) Teachers who hold a valid certificate from the national board during the 2003-04 or 2004-05 school years shall receive an annual bonus not to exceed $3,500 in each of these school years in which they hold a national board certificate.

(b) The annual bonus shall be paid in a lump sum amount and shall not be included in the definition of "earnable compensation" under RCW 41.32.010(10).

(12) $313,000 of the general fund--state appropriation for fiscal year 2004 and $313,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for a principal support program. The office of the superintendent of public instruction may contract with an independent organization to administer the program. The program shall include: (a) Development of an individualized professional growth plan for a new principal or principal candidate; and (b) participation of a mentor principal who works over a period of between one and three years with the new principal or principal candidate to help him or her build the skills identified as critical to the success of the professional growth plan.

(13) $126,000 of the general fund--state appropriation for fiscal year 2004 and $126,000 of the general fund--state appropriation for fiscal year 2005 are provided for the development and posting of web-based instructional tools, assessment data, and other information that assists schools and teachers implementing higher academic standards.

(14) $3,046,000 of the general fund--state appropriation for fiscal year 2004 and $3,046,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to the office of the superintendent of public instruction for focused assistance. The office of the superintendent of public instruction shall conduct educational audits of low-performing schools and enter into performance agreements between school districts and the office to implement the

recommendations of the audit and the community. Each educational audit shall include recommendations for best practices and ways to address identified needs and shall be presented to the community in a public meeting to seek input on ways to implement the audit and its recommendations.

(15) $1,764,000 of the general fund--state appropriation for fiscal year 2004 and $1,764,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the mathematics helping corps subject to the following conditions and limitations:

(a) In order to increase the availability and quality of technical mathematics assistance statewide, the superintendent of public instruction shall employ mathematics school improvement specialists to provide assistance to schools and districts. The specialists shall be hired by and work under the direction of a statewide school improvement coordinator. The mathematics improvement specialists shall not be permanent employees of the superintendent of public instruction.

(b) The school improvement specialists shall provide the following:

(i) Assistance to schools to disaggregate student performance data and develop improvement plans based on those data;

(ii) Consultation with schools and districts concerning their performance on the Washington assessment of student learning and other assessments emphasizing the performance on the mathematics assessments;

(iii) Consultation concerning curricula that aligns with the essential academic learning requirements emphasizing the academic learning requirements for mathematics, the Washington assessment of student learning, and meets the needs of diverse learners;

(iv) Assistance in the identification and implementation of research-based instructional practices in mathematics;

(v) Staff training that emphasizes effective instructional strategies and classroom-based assessment for mathematics;

(vi) Assistance in developing and implementing family and community involvement programs emphasizing mathematics; and

(vii) Other assistance to schools and school districts intended to improve student mathematics learning.

(16) $125,000 of the general fund--state appropriation for fiscal year 2004 and $125,000 of the general fund--state appropriation for fiscal year 2005 are provided for the Tukwila school district and the Selah school district for a two-year project designed to improve the

districts' performance in reading and math and to close the achievement gap within the district, subject to the following conditions and limitations:

(a) Funds shall be allocated to all schools within the Tukwila school district and Selah school district to implement proven, research-based reading and math intervention software for low-performing students in grades K-12.

(b) The programs may be implemented before, during, or after the regular school day, on Saturdays, or summer intercessions.

(c) A program is eligible for funding if it meets the following conditions:

(i) The program employs methods of teaching and student learning based on reliable research and best practices;

(ii) The program design is comprehensive and includes instruction, ongoing student assessment, professional development, and program management aligned with the district's reading and math curriculum;

(iii) The program provides quality professional development and training for teachers, staff, and volunteer mentors or tutors;

(iv) The program contains an evaluation component to determine the effectiveness of the program, which will be reported to the legislature and the superintendent of public instruction on an annual basis for the duration of the project.

(d) Beginning and end-of-program testing data shall be available to determine the effectiveness of funded programs and practices. Common evaluative criteria across programs, such as grade-level improvements, shall be available for each program.

(e) All materials related to the project shall be retained by the district at the end of the two-year term.

(17) $515,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the math initiative. The office of the superintendent of public instruction shall evaluate textbooks and other instructional materials for math to determine the extent to which they are aligned with the state standards. A scorecard of the analysis shall be made available to school districts. The superintendent shall also develop and disseminate information on essential components of comprehensive, school-based math programs and shall work with mentor teachers from around the state to develop guidelines for eligibility, training, and professional development for mentor math teachers.

(18) ((~~$87,901,000~~)) $88,942,000 of the general fund--federal appropriation is provided for preparing, training, and recruiting high quality teachers and principals under Title II of the no child left behind act.

(19) $25,955,000 of the general fund--federal appropriation is provided for the reading first program under Title I of the no child left behind act.

Sec. 1413. 2004 c 276 s 514 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL BILINGUAL PROGRAMS

General Fund--State Appropriation (FY 2004) $50,678,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$54,050,000~~)) $54,138,000
General Fund--Federal Appropriation (FY 2005) $44,544,000
TOTAL APPROPRIATION . . . . . ((~~$149,272,000~~)) $149,360,000

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

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

(2) The superintendent shall distribute a maximum of $725.11 per eligible bilingual student in the 2003-04 school year and ((~~$725.17~~)) $724.99 in the 2004-05 school year, exclusive of salary and benefit adjustments provided in section 504 of this act.

(3) The superintendent may withhold up to $700,000 in school year 2003-04 and up to $700,000 in school year 2004-05, and adjust the per eligible pupil rates in subsection (2) of this section accordingly, for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2).

(4) $70,000 of the amounts appropriated in this section are provided solely to develop a system for the tracking of current and former transitional bilingual program students.

(5) The general fund--federal appropriation in this section is provided for migrant education under Title I Part C and English

language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.

Sec. 1414. 2004 c 276 s 515 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2004) $64,366,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$62,929,000~~)) $62,966,000

General Fund--Federal Appropriation . . . . . ((~~$301,322,000~~)) $310,314,000

TOTAL APPROPRIATION . . . . . ((~~$428,617,000~~)) $437,646,000

(1) The general fund--state appropriations in this section are subject to the following conditions and limitations:

(a) Each general fund--state fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b) Funding for school district learning assistance programs shall be allocated at maximum rates of $432.15 per funded unit for the 2003-04 school year and ((~~$432.53~~)) $432.44 per funded unit for the 2004-05 school year exclusive of salary and benefit adjustments provided under section 504 of this act.

(c) For purposes of this section, "test results" refers to the district results from the norm-referenced test administered in the specified grade level. The norm-referenced test results used for the third and sixth grade calculations shall be consistent with the third and sixth grade tests required under RCW 28A.230.190 and 28A.230.193.

(d) A school district's general fund--state funded units shall be the sum of the following:

(i) The district's full-time equivalent enrollment in grades K-6, multiplied by the 5-year average 4th grade lowest quartile test results as adjusted for funding purposes in the school years prior to 1999-2000, multiplied by 0.82. As the 3rd grade test becomes available, it shall be phased into the 5-year average on a 1-year lag;

(ii) The district's full-time equivalent enrollment in grades 7-9, multiplied by the 5-year average 8th grade lowest quartile test results

as adjusted for funding purposes in the school years prior to 1999-2000, multiplied by 0.82. As the 6th grade test becomes available, it shall be phased into the 5-year average for these grades on a 1-year lag;

(iii) The district's full-time equivalent enrollment in grades 10-11 multiplied by the 5-year average 11th grade lowest quartile test results, multiplied by 0.82. As the 9th grade test becomes available, it shall be phased into the 5-year average for these grades on a 1-year lag;

(iv) If, in the prior school year, the district's percentage of October headcount enrollment in grades K-12 eligible for free and reduced price lunch exceeded the state average, subtract the state average percentage of students eligible for free and reduced price lunch from the district's percentage and multiply the result by the district's K-12 annual average full-time equivalent enrollment for the current school year multiplied by 22.3 percent; and

(v) In addition to amounts allocated under (d) of this subsection, for school districts in which the effective Title I Part A (basic program) increase is insufficient to cover the formula change in the multiplier from .92 to .82, a state allocation shall be provided that, when combined with the effective increase in federal Title I Part A (basic program) funds from the 2001-02 school year, is sufficient to cover this amount. The effective Title I Part A (basic program) increase is the current school year federal Title I Part A (basic program) allocation minus the 2001-02 school year federal Title I Part A (basic program) allocation, after the 2001-02 Title I Part A allocation has been inflated by three percent.

(2) The general fund--federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.

(3) A school district may carry over from one year to the next up to 10 percent of the general fund--state funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.

Sec. 1415. 2004 c 276 s 516 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR STUDENT ACHIEVEMENT PROGRAM

Student Achievement Fund--State
Appropriation (FY 2004) $214,107,000
Student Achievement Fund--State
Appropriation (FY 2005) . . . . . ((~~$195,535,000~~))
$195,512,000
TOTAL APPROPRIATION . . . . . ((~~$409,642,000~~))
$409,619,000

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

(1) Funding for school district student achievement programs shall be allocated at a maximum rate of $219.32 per FTE student for the 2003-04 school year and $254.00 per FTE student for the 2004-05 school year. For the purposes of this section and in accordance with RCW 84.52.068, FTE student refers to the annual average full-time equivalent enrollment of the school district in grades kindergarten through twelve for the prior school year.

(2) The appropriation is allocated for the following uses as specified in RCW 28A.505.210:

(a) To reduce class size by hiring certificated elementary classroom teachers in grades K-4 and paying nonemployee-related costs associated with those new teachers;

(b) To make selected reductions in class size in grades 5-12, such as small high school writing classes;

(c) To provide extended learning opportunities to improve student academic achievement in grades K-12, including, but not limited to, extended school year, extended school day, before-and-after-school programs, special tutoring programs, weekend school programs, summer school, and all-day kindergarten;

(d) To provide additional professional development for educators including additional paid time for curriculum and lesson redesign and alignment, training to ensure that instruction is aligned with state standards and student needs, reimbursement for higher education costs related to enhancing teaching skills and knowledge, and mentoring programs to match teachers with skilled, master teachers. The funding shall not be used for salary increases or additional compensation for

existing teaching duties, but may be used for extended year and extended day teaching contracts;

(e) To provide early assistance for children who need prekindergarten support in order to be successful in school; or

(f) To provide improvements or additions to school building facilities which are directly related to the class size reductions and extended learning opportunities under (a) through (c) of this subsection (2).

(3) For the 2003-04 school year, the office of the superintendent of public instruction shall distribute ten percent of the school year allocation to districts each month for the months of September through June. For the 2004-05 school year, the superintendent of public instruction shall distribute the school year allocation according to the monthly apportionment schedule defined in RCW 28A.510.250.

NEW SECTION. **Sec. 1416.** A new section is added to 2003 1st sp.s. c 25 (uncodified) to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION. (1) Appropriations made in this act to the office of superintendent of public instruction 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 subsection (2) of this section.

(2) The appropriations to the office of superintendent of public instruction in this act shall be expended for the programs and amounts specified in this act. However, after May 1, 2005, unless specifically prohibited by this act and after approval by the director of financial management, the superintendent of public instruction may transfer state general fund appropriations for fiscal year 2005 among the following programs to meet the apportionment schedule for a specified formula in another of these programs: General apportionment; employee compensation adjustments; pupil transportation; special education programs; institutional education programs; transitional bilingual programs; and learning assistance programs.

(3) The director of financial management shall notify the

appropriate legislative fiscal committees in writing prior to approving any allotment modifications or transfers under this section.

(End of part)

PART XV
HIGHER EDUCATION

Sec. 1501. 2004 c 276 s 603 (uncodified) is amended to read as follows:

FOR THE UNIVERSITY OF WASHINGTON

General Fund--State Appropriation (FY 2004) $311,628,000
General Fund--State Appropriation (FY 2005) $325,668,000
General Fund--Private/Local Appropriation $300,000
((~~Death Investigations Account--State Appropriation . . . . . $261,000~~))
Accident Account--State Appropriation $5,937,000
Medical Aid Account--State Appropriation $5,960,000
TOTAL APPROPRIATION . . . . . ((~~$649,754,000~~))
$649,493,000

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

(1) $1,875,000 of the general fund--state appropriation for fiscal year 2004 and $1,875,000 of the general fund--state appropriation for fiscal year 2005 are provided solely to create a state resource for technology education in the form of an institute located at the University of Washington, Tacoma. The university will continue to provide undergraduate and graduate degree programs meeting regional technology needs including, but not limited to, computing and software systems. As a condition of these appropriations:

(a) The university will work with the state board for community and technical colleges, or individual colleges where necessary, to establish articulation agreements in addition to the existing associate of arts and associate of science transfer degrees. Such agreements shall improve the transferability of students and in particular, students with substantial applied information technology credits.

(b) The university will establish performance measures for recruiting, retaining and graduating students, including nontraditional students, and report back to the governor and legislature by September 2004 as to its progress and future steps.

(2) $150,000 of the general fund--state appropriation for fiscal year 2004 and $150,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for research faculty clusters in the advanced technology initiative program.

(3) ((~~The entire death investigations account appropriation is provided for the forensic pathologist fellowship program.~~

~~(4)~~)) $150,000 of the general fund--state appropriation for fiscal year 2004 and $150,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the implementation of the Puget Sound work plan and agency action item UW-01.

((~~(5)~~)) (4) $75,000 of the general fund--state appropriation for fiscal year 2004 and $75,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for the Olympic natural resources center.

((~~(6)~~)) (5) $1,526,000 of the general fund--state appropriation for fiscal year 2004 and $3,096,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for competitively offered recruitment and retention salary adjustments for 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. Tuition revenues may be expended in addition to those required by this section to further provide recruitment and retention salary adjustments.

((~~(7)~~)) (6) $1,250,000 of the general fund--state appropriation for fiscal year 2004 and $1,250,000 of the general fund--state appropriation for fiscal year 2005 are provided solely for state match to attract or retain federal research grants in high demand and technologically advanced fields.

((~~(8)~~)) (7) $300,000 of the general fund--private/local appropriation is provided solely for shellfish biotoxin monitoring as specified in Chapter 263, Laws of 2003 (SSB 6073, shellfish license fee).

((~~(9)~~)) (8) $2,275,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for a proteomics center and an autism center. Of the amount provided in this subsection, $1,600,000 is provided solely for the University of Washington school of medicine

for recruitment of biosciences research faculty to establish a proteomics center and $675,000 is provided solely as one-time funding to establish an autism center at the University of Washington Tacoma campus. The amount provided for the proteomics center is contingent on receipt of $6,000,000 in one-time, nonstate matching funds. If the nonstate matching funds are not received by June 30, 2005, $1,600,000 of the amount provided in this subsection shall lapse.

((~~(10)~~)) (9) $1,897,000 of the general fund--state appropriation for fiscal year 2005 is provided solely for the training and support of primary care physicians and primary care providers through the network of family practice residency programs. All of the funding provided in this section shall be distributed directly to the family practice residency programs to assist with cost increases experienced by the programs, including the cost of medical malpractice premiums.

((~~(11)~~)) (10) The University of Washington shall present a preliminary report to the fiscal committees of the legislature detailing the use of state research funds by November 1, 2004, and shall present a final report by November 1, 2005. For each research project supported by the state general fund in the 2003-05 biennium, including projects funded in the university's base budget, the report shall include: (a) A brief description of the research project; (b) the amount of state and institutional funds contributed to the project; (c) the level of federal or other sources of match received for the state's investment; and (d) any other information deemed pertinent by the institution.

Sec. 1502. 2003 1st sp.s. c 25 s 617 (uncodified) is amended to read as follows:

FOR THE STATE SCHOOL FOR THE BLIND

General Fund--State Appropriation (FY 2004) $4,614,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$4,641,000~~))
$4,656,000

General Fund--Private/Local Appropriation $1,335,000

TOTAL APPROPRIATION . . . . . ((~~$10,590,000~~))
$10,605,000

(End of part)

PART XVI
SPECIAL APPROPRIATIONS

Sec. 1601. 2004 c 276 s 701 (uncodified) is amended to read as follows:

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) $655,886,000
General Fund--State Appropriation (FY 2005) . . . . . ((~~$528,766,000~~))
$527,566,000
Debt-Limit General Fund Bond Retirement Account--
State Appropriation $17,300,000
State Building Construction Account--State
Appropriation . . . . . ((~~$8,922,000~~))
$7,922,000
Debt-Limit Reimbursable Bond Retirement Account--
State Appropriation $2,587,000
State Taxable Building Construction Account--
State Appropriation $465,000
Gardner-Evans Higher Education Construction Account--
State Appropriation $2,087,000
TOTAL APPROPRIATION . . . . . ((~~$1,216,013,000~~))
$1,213,813,000

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.

Sec. 1602. 2004 c 276 s 702 (uncodified) is amended to read as follows:

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~~)) $24,605,000

Capitol Historic District Construction Account--State Appropriation $323,000

Higher Education Construction Account--State Appropriation $238,000

State Vehicle Parking Account--State Appropriation $102,000

Nondebt-Limit Reimbursable Bond Retirement Account--State Appropriation . . . . . ((~~$128,375,000~~)) $126,775,000

TOTAL APPROPRIATION . . . . . ((~~$180,237,000~~)) $178,437,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriation is for deposit into the nondebt-limit general fund bond retirement account.

Sec. 1603. 2004 c 276 s 703 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES

General Fund--State Appropriation (FY 2004) $526,000

General Fund--State Appropriation (FY 2005) $526,000

Higher Education Construction Account--State Appropriation $35,000

State Building Construction Account--State Appropriation . . . . . ((~~$2,083,000~~)) $1,083,000

State Vehicle Parking Account--State Appropriation $17,000

Capitol Historic District Construction Account--State Appropriation $45,000

State Taxable Building Construction Account--State Appropriation $60,000

Gardner-Evans Higher Education Construction Account--State Appropriation $180,000

TOTAL APPROPRIATION . . . . . ((~~$3,472,000~~)) $2,472,000

Sec. 1604. 2004 c 276 s 709 (uncodified) is amended to read as follows:

FOR SUNDRY CLAIMS. The following sums, or so much thereof as may be necessary, are appropriated from the general fund, unless otherwise indicated, for relief of various individuals, firms, and corporations for sundry claims. These appropriations are to be disbursed on vouchers approved by the director of the office of financial management, except as otherwise provided, as follows:

(1) Reimbursement of criminal defendants acquitted on the basis of self-defense, pursuant to RCW 9A.16.110:

(a) Kelly C. Schwartz, claim number SCJ 03-10 . . . . . $18,250

(b) Clinton Johnston, claim number SCJ 04-02 . . . . . $8,225

(c) Johnny Riley, claim number SCJ 04-05 . . . . . $1,500

(d) Gregory Nichols, claim number SCJ 04-06 . . . . . $3,995

(e) William Poll, claim number SCJ 04-07 . . . . . $31,106

(f) John Obert, claim number SCJ 04-09 . . . . . $15,957

(g) David McCown, claim number SCJ 04-10 . . . . . $2,900

(h) Frank Leyendekker, claim number SCJ 05-01 . . . . . $2,325

(i) Todd Richardson, claim number SCJ 05-02 . . . . . $32,934

(j) Jason Fakih, claim number SCJ 05-03 . . . . . $100,774

(k) Mickey J. Martin, claim number SCJ 05-04 . . . . . $3,187

(l) Marty Lynch, claim number SCJ 05-05 . . . . . $3,000

(m) Jeffery Shauers, claim number SCJ 05-06 . . . . . $12,734

(2) Payment from the state wildlife account for damage to crops by wildlife, pursuant to RCW 77.36.050:

(a) Circle S Landscape Supplies, claim number SCG 03-05 . . . . . $49,380

(b) Marilyn Lund Farms, claim number SCG 03-08 . . . . . $17,175

(c) Paul Gibbons, claim number SCG 03-09 . . . . . $12,414

(d) Bud Hamilton, claim number SCG 03-10 . . . . . $15,591

(e) Richard Anderson, claim number SCG 03-11 . . . . . $75,933

(f) Neil Ice, claim number SCG 03-12 . . . . . $73,474

(g) Carl Anderson, claim number SCG 03-13 . . . . . $120,943

(h) Lafe Wilson, claim number SCG 04-02 . . . . . $626

(i) Richard Anderson, claim number SCG 04-04 . . . . . $28,998

(j) Circle S Landscape, claim number SCG 04-05 . . . . . $20,000

(k) Ralland Wallace, claim number SCG 05-02 . . . . . $20,592

(l) A & A Ranches, Inc., claim number SCG 05-04 . . . . . $42,809

(m) Roger Gibbons, claim number SCG 05-05 . . . . . $12,326
(n) Paul Gibbons, claim number SCG 05-06 . . . . . $11,242

NEW SECTION. **Sec. 1605.** A new section is added to 2003 1st sp.s. c 25 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--CONTRIBUTIONS TO RETIREMENT SYSTEMS

General Fund--State Appropriation (FY 2005) . . . . . -$381,000
General Fund--Federal Appropriation . . . . . -$63,000
General Fund--Private/Local Appropriation . . . . . -$7,000
Special Account Retirement Contribution Increase
Revolving Account Appropriation . . . . . -$267,000
TOTAL APPROPRIATION . . . . . -$718,000

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

(1) The appropriations in this section are provided solely to reduce agency and institution appropriations to reflect the 0.03 percent decrease in employer contributions for the department of retirement systems administrative expense rate that was effective September 1, 2004.

(2) The appropriations from dedicated funds and accounts shall be made in the amounts specified and from the dedicated funds and accounts specified in LEAP document 2005-39, a computerized tabulation developed by the legislative evaluation and accountability program committee on March 18, 2005, which is hereby incorporated by reference. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified and to the state agencies specified in LEAP document 2005-39, and adjust appropriation schedules accordingly.

NEW SECTION. **Sec. 1606.** A new section is added to 2003 1st sp.s. c 25 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--PUBLIC SAFETY AND EDUCATION ACCOUNT

General Fund--State Appropriation (FY 2005) $11,000,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for deposit in the public safety and education account.

NEW SECTION. **Sec. 1607.** A new section is added to 2003 1st sp.s. c 25 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--VIOLENCE REDUCTION AND DRUG ENFORCEMENT ACCOUNT

General Fund--State Appropriation (FY 2005) $250,000,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for deposit in the violence reduction and drug enforcement account.

Sec. 1608. 2003 1st sp.s. c 25 s 706 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT-- EMERGENCY FUND

General Fund--State Appropriation (FY 2004) $850,000

General Fund--State Appropriation (FY 2005) . . . . . ((~~$850,000~~)) $1,000,000

TOTAL APPROPRIATION . . . . . ((~~$1,700,000~~)) $1,850,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are for the governor's emergency fund for the critically necessary work of any agency or local government agency.

(End of part)

PART XVII
OTHER TRANSFERS AND APPROPRIATIONS

Sec. 1701. 2004 c 276 s 802 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--TRANSFERS. For transfers in this section to the state general fund, pursuant to RCW 43.135.035(5), the state expenditure limit shall be increased by the amount of the transfer. The increase shall occur in the fiscal year in which the transfer occurs.

State Convention and Trade Center Account:
For transfer to the state general fund $10,000,000
County Sale/Use Tax Equalization Account:
For transfer to the state general fund for
fiscal year 2004 . . . . . $74,000
Financial Services Regulation Fund: For transfer
to the state general fund at the beginning
of fiscal year 2005 . . . . . $7,285,000
Municipal Sale/Use Tax Equalization Account:
For transfer to the state general fund for
fiscal year 2004 . . . . . $374,000
Asbestos Account: For transfer to the state
general fund $200,000
Electrical License Account: For transfer
to the state general fund $7,000,000
Local Toxics Control Account: For transfer
to the state toxics control account $4,059,000
Pressure Systems Safety Account: For transfer
to the state general fund $1,000,000
Health Services Account: For transfer
to the water quality account $8,182,000
State Treasurer's Service Account: For
transfer to the general fund $14,000,000
Public Works Assistance Account: For
transfer to the drinking water
assistance account $8,387,000

Tobacco Settlement Account: For transfer to the health services account, in an amount not to exceed the actual balance of the tobacco settlement account $181,000,000

Health Service Account: For transfer to the violence reduction and drug enforcement account $7,789,000

Nisqually Earthquake Account: For transfer to the disaster response account $6,200,000

Industrial Insurance Premium Refund Account: For transfer to the state general fund $577,000

Public Service Revolving Account: For transfer to the state general fund $1,600,000

State Forest Nursery Revolving Account: For transfer to the state general fund, $250,000 for fiscal year 2004 and $250,000 for fiscal year 2005 . . . . . $500,000

Flood Control Assistance Account: For transfer to the state general fund, $1,350,000 for fiscal year 2004 and $1,350,000 for fiscal year 2005 . . . . . $2,700,000

Water Quality Account: For transfer to the water pollution control account . . . . . ((~~$14,034,513~~)) <u>$14,000,000</u>

General Fund: For transfer to the water quality account, $3,870,000 for fiscal year 2004 and $4,557,000 for fiscal year 2005 . . . . . $8,427,000

Insurance Commissioner's Regulatory Account: For transfer to the state general fund $2,500,000

Health Services Account: For transfer to the tobacco prevention and control account $23,796,000

From the Emergency Reserve Fund: For transfer to the state general fund, not to exceed the actual balance of the emergency reserve fund. This transfer is intended to liquidate the emergency reserve fund $58,100,000

Department of Retirement Systems Expense Account: For transfer to the state general fund $5,500,000

Woodstove Education and Enforcement Account:

For transfer to the air pollution control account $600,000

Multimodal Transportation Account: For transfer to the air pollution control account for fiscal year 2004. The amount transferred shall be deposited into the segregated subaccount of the air pollution control account created in Engrossed Substitute Senate Bill No. 6072, chapter 264, Laws of 2003. The state treasurer shall perform the transfer from the multimodal transportation account to the air pollution control subaccount on a quarterly basis $4,170,726

Multimodal Transportation Account: For transfer to the vessel response account for fiscal year 2004 . . . . . $1,213,704

Resource Management Cost Account: For transfer to the contract harvesting revolving account $250,000

Forest Development Account: For transfer to the contract harvesting revolving account $250,000

Site Closure Account: For transfer to the state general fund $13,800,000

Health Services Account: For transfer to the general fund--state for fiscal year 2005 . . . . . ((~~$46,250,000~~)) <u>$296,250,000</u>

K-20 Technology Account: For transfer to the state general fund $1,281

Gambling Revolving Fund, Nontribal Sources: For transfer to the state general fund $2,500,000

State Building Construction Account: For transfer to the conservation assistance revolving account $500,000

Wildlife Account: For transfer to the special wildlife account, $250,000 in fiscal year 2004 and $250,000 in fiscal year 2005 . . . . . $500,000

Education Technology Revolving Account: For transfer to the data processing revolving account $296,000

Digital Government Revolving Account: For transfer to the data processing revolving account $154,000

<u>Election Account: For transfer</u>

to the state general fund $780,000

Drinking Water Assistance Account: For transfer to the drinking water assistance repayment account, not to exceed the actual loan repayments to this account $20,000,000

Violence Reduction and Drug Enforcement Account: For transfer to the health services account in fiscal year 2005 . . . . . $250,000,000

(End of part)

PART XVIII
MISCELLANEOUS

Sec. 1801. RCW 43.185.050 and 2002 c 294 s 6 are each amended to read as follows:

(1) The department shall use moneys from the housing trust fund and other legislative appropriations to finance in whole or in part any loans or grant projects that will provide housing for persons and families with special housing needs and with incomes at or below fifty percent of the median family income for the county or standard metropolitan statistical area where the project is located. At least thirty percent of these moneys used in any given funding cycle shall be for the benefit of projects located in rural areas of the state as defined by the department. If the department determines that it has not received an adequate number of suitable applications for rural projects during any given funding cycle, the department may allocate unused moneys for projects in nonrural areas of the state.

(2) Activities eligible for assistance from the housing trust fund and other legislative appropriations include, but are not limited to:

(a) New construction, rehabilitation, or acquisition of low and very low-income housing units;

(b) Rent subsidies;

(c) Matching funds for social services directly related to providing housing for special-need tenants in assisted projects;

(d) Technical assistance, design and finance services and consultation, and administrative costs for eligible nonprofit community or neighborhood-based organizations;

(e) Administrative costs for housing assistance groups or organizations when such grant or loan will substantially increase the recipient's access to housing funds other than those available under this chapter;

(f) Shelters and related services for the homeless, including emergency shelters and overnight youth shelters;

(g) Mortgage subsidies, including temporary rental and mortgage payment subsidies to prevent homelessness;

(h) Mortgage insurance guarantee or payments for eligible projects;

(i) Down payment or closing cost assistance for eligible first-time home buyers;

(j) Acquisition of housing units for the purpose of preservation as low-income or very low-income housing; and

(k) Projects making housing more accessible to families with members who have disabilities.

(3) Legislative appropriations from capital bond proceeds may be used only for the costs of projects authorized under subsection (2)(a), (i), and (j) of this section, and not for the administrative costs of the department.

(4) Moneys from repayment of loans from appropriations from capital bond proceeds may be used for all activities necessary for the proper functioning of the housing assistance program except for activities authorized under subsection (2)(b) and (c) of this section.

(5) Administrative costs of the department shall not exceed four percent of the annual funds available for the housing assistance program<u>, except in fiscal year 2005 when administrative costs shall not exceed five percent</u>.

Sec. 1802. RCW 43.185.070 and 1994 sp.s. c 3 s 9 are each amended to read as follows:

(1) During each calendar year in which funds from the housing trust fund or other legislative appropriations are available for use by the department for the housing assistance program, the department shall announce to all known interested parties, and through major media throughout the state, a grant and loan application period of at least ninety days' duration. This announcement shall be made as often as the director deems appropriate for proper utilization of resources. The department shall then promptly grant as many applications as will utilize available funds less appropriate administrative costs of the department. Administrative costs paid out of the housing trust fund may not exceed four percent of annual revenues available for distribution to housing trust fund projects<u>, except in fiscal year 2005 when administrative costs shall not exceed five percent</u>. In awarding funds under this chapter, the department shall provide for a geographic distribution on a statewide basis.

(2) The department shall give first priority to applications for projects and activities which utilize existing privately owned housing

stock including privately owned housing stock purchased by nonprofit public development authorities and public housing authorities as created in chapter 35.82 RCW. As used in this subsection, privately owned housing stock includes housing that is acquired by a federal agency through a default on the mortgage by the private owner. Such projects and activities shall be evaluated under subsection (3) of this section. Second priority shall be given to activities and projects which utilize existing publicly owned housing stock. All projects and activities shall be evaluated by some or all of the criteria under subsection (3) of this section, and similar projects and activities shall be evaluated under the same criteria.

(3) The department shall give preference for applications based on some or all of the criteria under this subsection, and similar projects and activities shall be evaluated under the same criteria:

(a) The degree of leveraging of other funds that will occur;

(b) The degree of commitment from programs to provide necessary habilitation and support services for projects focusing on special needs populations;

(c) Recipient contributions to total project costs, including allied contributions from other sources such as professional, craft and trade services, and lender interest rate subsidies;

(d) Local government project contributions in the form of infrastructure improvements, and others;

(e) Projects that encourage ownership, management, and other project-related responsibility opportunities;

(f) Projects that demonstrate a strong probability of serving the original target group or income level for a period of at least twenty-five years;

(g) The applicant has the demonstrated ability, stability and resources to implement the project;

(h) Projects which demonstrate serving the greatest need;

(i) Projects that provide housing for persons and families with the lowest incomes;

(j) Projects serving special needs populations which are under statutory mandate to develop community housing;

(k) Project location and access to employment centers in the region or area;

(l) Projects that provide employment and training opportunities for disadvantaged youth under a youthbuild or youthbuild-type program as defined in RCW 50.72.020; and

(m) Project location and access to available public transportation services.

(4) The department shall only approve applications for projects for mentally ill persons that are consistent with a regional support network six-year capital and operating plan.

Sec. 1803. RCW 43.185A.030 and 1994 c 160 s 3 are each amended to read as follows:

(1) Using moneys specifically appropriated for such purpose, the department shall finance in whole or in part projects that will provide housing for low-income households.

(2) Activities eligible for assistance include, but are not limited to:

(a) New construction, rehabilitation, or acquisition of housing for low-income households;

(b) Rent subsidies in new construction or rehabilitated multifamily units;

(c) Down payment or closing costs assistance for first-time home buyers;

(d) Mortgage subsidies for new construction or rehabilitation of eligible multifamily units; and

(e) Mortgage insurance guarantee or payments for eligible projects.

(3) Legislative appropriations from capital bond proceeds may be used only for the costs of projects authorized under subsection (2)(a), (c), (d), and (e) of this section, and not for the administrative costs of the department.

(4) Moneys from repayment of loans from appropriations from capital bond proceeds may be used for all activities necessary for the proper functioning of the affordable housing program except for activities authorized under subsection (2)(b) of this section.

(5) Administrative costs of the department shall not exceed four percent of the annual funds available for the affordable housing program<u>, except in fiscal year 2005 when administrative costs shall not exceed five percent</u>.

NEW SECTION. **Sec. 1804.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 1805.** Except for sections 923 and 931 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

NEW SECTION. **Sec. 1806.** Section 923 (RCW 41.50.110) of this act takes effect July 1, 2006.

NEW SECTION. **Sec. 1807.** Section 922 (RCW 41.50.110) of this act expires July 1, 2006.

NEW SECTION. **Sec. 1808.** Section 931 (RCW 43.135.045) of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect June 30, 2005.

(End of part)

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ESSB 6090 - CONF REPT
By Conference Committee

On page 1, line 1 of the title, after "matters;" strike the remainder of the title and insert "amending RCW 28A.160.195, 28A.305.210, 28A.500.030, 28A.600.110, 28A.600.150, 28B.76.660, 41.05.050, 41.05.065, 41.05.120, 41.50.110, 41.50.110, 43.07.130, 43.08.190, 43.08.250, 43.10.180, 43.30.305, 43.43.944, 43.72.900, 43.135.045, 50.20.190, 66.16.010, 67.40.040, 69.50.520, 70.83.040, 70.93.180, 70.146.030, 70.146.080, 70.148.020, 72.11.040, 74.46.431,

79.64.040, 79.90.245, 86.26.007, 43.185.050, 43.185.070, and 43.185A.030; amending 2004 c 276 ss 106, 107, 108, 110, 111, 115, 117, 118, 120, 121, 123, 124, 126, 129, 131, 132, 201, 202, 203, 204, 205, 206, 207, 208, 209, 211, 212, 213, 214, 215, 217, 218, 219, 301, 302, 304, 306, 307, 308, 402, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 513, 514, 515, 516, 603, 701, 702, 703, 709, 802 (uncodified); amending 2003 1st sp.s. c 25 ss 119, 152, 617, and 706 (uncodified); reenacting and amending RCW 28B.102.040, 43.320.110, and 50.16.010; adding new sections to 2003 1st sp.s. c 25 (uncodified); creating new sections; making appropriations; providing an effective date; providing expiration dates; and declaring an emergency."

--- END ---