

**PROPOSED SENATE  
2010 SUPPLEMENTAL  
OPERATING BUDGET**

**OVERVIEW**

**SENATE CHAIR**

**SENATE WAYS & MEANS COMMITTEE  
FEBRUARY 23, 2010**

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# **THE SENATE 2010 SUPPLEMENTAL BUDGET SOLUTION**

## **STATE FISCAL PICTURE FOR 2010**

In the last legislative session, the Legislature and the Governor addressed a projected budget problem of approximately \$9 billion over the three year time period between fiscal years 2009 and 2011. To solve this \$9 billion budget problem, the 2009-11 enacted budget made program and compensation reductions totaling approximately \$3.8 billion, used federal stimulus and capital budget resources, and utilized a variety of other funds to balance the operating budget.

Since last spring, economic conditions have worsened and state revenue collections have been lower than anticipated when the Legislature passed the biennial budget. In the revenue forecasts since the last legislative session, the Economic and Revenue Forecast Council has lowered their General Fund-State revenue projections for this biennium by approximately \$1.7 billion.

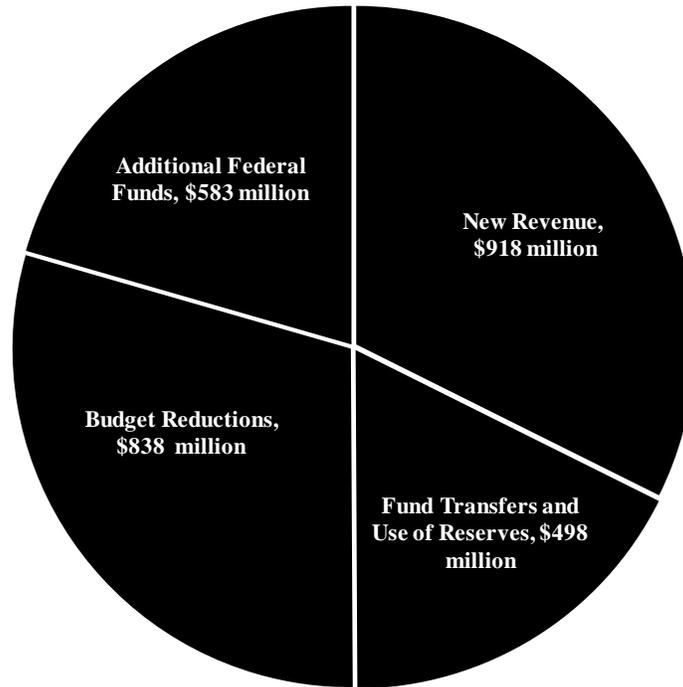
Partially related to overall economic conditions, caseloads and some costs associated with maintaining current programs and services have also increased beyond the level assumed in the budget adopted last spring. Additionally, due to lawsuits and a variety of other reasons, the amount of the savings actually realized from some of the budget reductions in the enacted budget are less than originally anticipated.

The combination of all these factors created a gap between the amount of available resources and current services spending projections. Based on the assumptions used in the development of the Senate's proposed 2010 supplemental operating budget, including some selected policy level additions, this new budget problem is approximately \$2.8 billion between now and the end of fiscal year 2011.

## **SOLVING THE \$2.8 BILLION BUDGET PROBLEM**

As depicted on the chart on the next page, the Senate budget solution to this \$2.8 billion budget gap involves four main components. First, additional budget reductions are made totaling approximately \$838 million. Second, the budget incorporates approximately \$583 million of approved or anticipated additional federal relief to Washington state. Third, the Senate budget transfers \$498 million in Budget Stabilization Account and other funds to the state general fund. Finally, the Senate budget assumes \$918 million in net new resources from legislation raising revenue.

**The Senate 2010 Supplemental Budget Solution**  
(Dollars in Millions)



**Total Budget Solution = \$2.8 Billion**

## **BUDGET REDUCTIONS - \$838 MILLION**

Some of the major reductions include: (1) a \$103 million decrease in the K-4 staffing enhancement; (2) \$91 million in savings by reforming the General Assistance Unemployable (GA-U) cash and medical programs; (3) the elimination of the remaining \$79 million in Initiative 728 per student allocations to school districts; (4) \$69 million from reducing funding to institutions of higher education to the minimum level required for the receipt of federal stimulus funds; (5) \$49 million reduction to all areas of state government based on legislation requiring temporary layoffs or salary savings; (6) \$33 million in savings from legislation imposing an additional assessment on hospitals and leveraging federal match; (7) \$26 million from correctional facility capacity reductions, including the closure of Larch Corrections Center and the downsizing of McNeil Island; (8) \$22 million in hospital and clinic funding reductions; (9) \$22 million from a vendor rate reduction to nursing homes; (10) a \$15 million savings from eliminating the K-12 classified staffing enhancement; (11) \$15 million in savings by eliminating the learning improvement day for teachers; and (12) \$11 million from consolidating and restructuring natural resource agencies.

While these are some of the larger reductions, the Senate budget makes reductions in all areas of state government. Given the magnitude of the budget problem, one of the Senate's guiding principles is that all areas of state government need to be subjected to review for reduction and ultimately no area can be spared from sharing in the budget solution.

## **FEDERAL STIMULUS FUNDS - \$583 MILLION**

The federal American Recovery and Reinvestment Act (ARRA) and other federal assistance provided approximately \$3 billion in resources that helped to solve the budget problem last year. One of the largest sources of federal assistance came in the form of an enhancement to the Federal Medical Assistance Percentage (FMAP), which is the share of Medicaid costs that is paid by the federal government. Under current law, the FMAP enhancement is set to end in December 2010. Based on the provisions of legislation that is being considered by Congress, the Senate budget anticipates \$483 million in additional resources based on the FMAP enhancement being extended by an additional six months through June 2011.

Additionally, based on a recent U.S. Department of Health and Human Services reversal of a decision to disallow state savings from reduced Medicare Part D "clawback" payments for prescription drugs, it is estimated that the state will receive \$87 million in additional federal resources beyond the level assumed in the maintenance level budget. Also, the Senate budget assumes additional federal resources of approximately \$12 million from two smaller sources of federal aid.

## **FUND TRANSFERS & USE OF RESERVES -- \$498 MILLION**

The Senate budget makes \$269 million in additional transfers from various funds to increase General Fund-State resources. Some of the largest transfers include: \$96 million from the State and Local Toxic Control Accounts; \$41 million from the Public Works Account; \$21 million from the Job Development Account; \$15 million from Performance Audit Fund; \$15 million from the Public Service Revolving Account; \$12 million from the Treasury Service Account; \$10 million from the Savings Incentive Account; and \$10 million from the Streamline Sales Tax Account.

In fiscal years 2010 and 2011, the Senate budget also transfers a total of \$229 million from the Budget Stabilization Account (aka "Rainy Day Fund") to the state general fund. After these transfers, there will be no ending fund balance in the Rainy Day Fund.

## **NEW REVENUE -- \$918 MILLION**

The Senate budget incorporates a net increase of \$918 million in new revenue. The main components of the Senate revenue package are three pieces of legislation that: (1) narrow or eliminate numerous current tax preferences or "tax loopholes" (\$518 million); (2) impose a temporary 0.3 percent sales/use tax increase (\$313 million); and (3) the cigarette tax by \$1 per package (\$86 million).

## Senate Chair Proposed General Fund-State Balance Sheet

*(Dollars in Millions)*

	<b>2009-11</b>
<b>Beginning Balance</b>	<b>189</b>
 <b>Revenue</b>	
November Revenue Forecast	28,843
February Forecast Change	35
Transfer to Budget Stabilization Account	(252)
Transfer of Related Fund Balances	89
DOT Foods, Inc. v. Dept. of Revenue	(154)
2010 Revenue Changes (Increases & Decreases)	918
<b>Total Revenue</b>	<b>29,480</b>
 <b>Other Resource Changes</b>	
Enacted Fund Transfers & Other Adjustments	829
Use Budget Stabilization Account (\$45 million assumed in enacted budget)	274
2010 Capital Related Transfers	84
2010 Fund Transfers	186
<b>Other Resource Changes</b>	<b>1,372</b>
 <b>Total Resources</b>	<b>31,041</b>
 <b>Spending</b>	
Enacted Budget	30,918
2010 Maintenance Level Changes	677
ESHB 2921 - Early Action	(45)
Policy Level Reductions	(793)
Policy Level Increases	272
FMAP - Last 6 Months of FY 2011 Extension	(483)
Other Federal Funds	(99)
<b>Total Spending</b>	<b>30,446</b>
 <b>Ending Balance &amp; Reserves</b>	
<i>Unrestricted Ending Fund Balance</i>	595
<i>Budget Stabilization Account Balance</i>	0
<b>Total Reserves</b>	<b>595</b>

## PROPOSED SENATE REVENUE PACKAGE

In considering ways to raise additional revenue to support state government, the Senate takes a three-pronged approach. First, one component focuses on current tax preferences or what some have characterized as "tax loopholes." In implementing legislation that narrows or eliminates several tax preferences and provides fair tax treatment where inequities have occurred over time, it is estimated that \$518 million in additional revenue will be raised during the 2009-11 biennium.

The second approach is to impose a temporary sales tax increase to help support K-12 and higher education funding and avoid additional cuts. Specifically, the legislation imposes a temporary additional 0.3 percent sales/use tax from June 1, 2010 through June 30, 2013. The legislation includes a Working Families' tax exemption refund. The estimated \$313 million in additional 2009-11 revenue is intended to maintain funding for state levy equalization to school districts, all-day kindergarten, and state higher education need grants.

Lastly, legislation is proposed that will increase the cigarette tax by \$1 per pack. The funding is designed to preserve healthcare for the working poor by maintaining enrollments in the Basic Health Plan.

Bill	Title	09-11	11-13
SB XXXX	Tax Loopholes	\$518.0	\$1,241.1
SB XXXX	Sales Tax/Working Families	\$313.3	\$613.9
SB XXXX	Cigarette Tax	\$85.7	\$168.0
SB 6118	Convention center taxes	\$10.1	\$24.7
SB 6848	Forest practices applications	\$1.0	\$2.0
SSB 6846	Enhanced 911 services	\$0.3	\$1.3
SB 6853	Tax preferences	\$0.0	\$0.0
SSB 6831	Estates and trusts	\$0.0	\$0.0
SB 6789	Equipment in data centers	\$0.0	\$0.0
SB 6748	Newspaper-labeled supplement	\$0.0	(\$4.2)
ESSB 6737	Air ambulance tax exemption	\$0.0	\$0.0
SSB 6727	Health sciences and services	\$0.0	\$0.0
SSB 6721	Tax statute clarifications	\$0.0	\$0.0
ESSB 6424	Local excise tax authorities	\$0.0	\$0.0
ESSB 6130	Fiscal matters	\$0.0	\$0.0
ESSB 6051	Funding for arts and heritage	\$0.0	\$0.0
SSB 6609	Local government Infrastructure	\$0.0	(\$2.0)
SB 6206	Tax incentive accountability	(\$0.3)	(\$0.7)
SB 6614	BPA programs	(\$0.3)	(\$0.6)
SSB 5899	B & O tax credit	(\$10.0)	(\$10.0)
<b>Total</b>		<b>\$918</b>	<b>\$2,034</b>

*\*See corresponding chart on following pages*

*For a complete description of all the revenue legislation, see appendix C.*

<b>Tax Loopholes</b>		
<b>Bill title</b>	<b>2009-11</b>	<b>2011-13</b>
Limiting tax preferences expanded by courts	\$169.4	\$232.7
Eliminating trade-in allowances	\$92.3	\$207.6
Economic nexus	\$73.1	\$374.6
Limiting first mortgage deduction to under \$100 M	\$51.1	\$110.9
Limit exemption on fertilizers and sprays to organic	\$25.3	\$59.4
Non-resident refunds	\$24.4	\$56.1
Repeal preferential rate for prescription drug sales	\$11.8	\$28.0
Addressing tax avoidance	\$11.6	\$54.4
Repealing coal exemption	\$10.0	\$21.0
Property management salary exemption	\$8.3	\$18.0
Increasing urban trans. rate to motor trans. rate	\$7.8	\$16.4
Limiting the wind M&E exemption	\$7.8	\$12.2
Foreclosure exemption	\$6.6	\$12.8
Airplane excise tax taxed like vessels on .5% of value	\$6.3	\$10.8
Corporate officer liability	\$4.5	\$9.7
Corporate board of director fees	\$2.1	\$4.6
Suspend livestock nutrient exemption	\$1.6	\$2.8
Limiting bad debt deduction	\$1.5	\$4.1
PUD privilege tax	\$1.2	\$2.2
Limiting initiation fees and dues deduction to nonprofits	\$1.0	\$2.3
B&O tax on bullion	\$0.3	\$0.5
Community solar projects	\$0.0	\$0.0
Rural county deferral	\$0.0	\$0.0
Brokered natural gas	\$0.0	\$0.0
International investment services	\$0.0	\$0.0
<b>Total</b>	<b>\$518.0</b>	<b>\$1,241.1</b>

**Sales and Use Tax Proposal**  
*(Dollars in Millions)*

<b>Total Available</b>	<b>\$313.3</b>
<b><u>K-12 Items</u></b>	
Levy Equalization - CY 2011	\$140.8
All Day Kindergarten <i>16,000 Slots at \$2,775 per (for half-day enhancement)</i>	\$36.1
<b><u>State Need Grant</u></b>	
State Need Grant - FY 2011 <i>34,300 Slots at \$3,980 per (Remaining 22,700 slots funded from GF-S)</i>	\$136.4

**Cigarette Tax Proposal**  
*(Dollars in Millions)*

<b>Total Available</b>	<b>85.7</b>
<b>Basic Health Plan</b>	<b>85.7</b>
<i>36,600 Slots at \$2,340 per (Remaining 32,400 slots funded from GF-S)</i>	

# FUNCTIONAL AREAS OF GOVERNMENT

## STATEWIDE CHANGES

### **FURLOUGH SAVINGS - \$49.4 MILLION GENERAL FUND-STATE SAVINGS**

Pursuant to Substitute Senate Bill 6503 (agency closures), funding is adjusted based on savings achieved based on mandatory and voluntary furloughs, leave without pay, reduced work hours, voluntary retirements and separations, layoffs, and other methods. Exceptions to agency closure dates include a variety of public safety and critical state services. In implementing the compensation reduction plans, agencies are encouraged to preserve family wage jobs.

### **ADMINISTRATIVE REDUCTIONS - \$70.3 MILLION GENERAL FUND-STATE SAVINGS**

While some of these items are also detailed in other sections of this document, the Senate budget makes approximately \$70 million in additional administrative reductions. This is in addition to furlough savings and the estimated \$390 million in various administrative reductions assumed in the original 2009-11 enacted budget. In total, the administrative and efficiency measures assumed in the original and the 2010 supplemental budgets exceed \$500 million.

## K-12 PUBLIC SCHOOLS

### OVERVIEW

In the 2009-11 biennium, the state is estimated to spend approximately \$15.8 billion (\$13.3 billion state, \$2.5 billion other funds) for the support of K-12 public schools.

General Fund-State costs for 2009-11 for public schools increased \$250.7 million between enactment of the budget in April 2009 to the February 2010 revenue and caseload forecast updates, contributing to the overall deficit that is addressed in the Senate 2010 supplemental budget.

The Senate incorporates these additional costs and, at the same time, protects spending on all programs considered "basic education." In addition, the Senate budget continues to fully fund important non-basic education programs such as the highly-capable, or gifted, program; all-day kindergarten for the 20 percent of schools with the highest poverty levels; local-effort assistance (LEA), or levy equalization; and children's food programs.

Funding for the all-day kindergarten program in the 2010-11 school year, as well as for LEA payments in calendar year 2011, is provided through proceeds from the temporary increase in the general state sales tax.

Reductions in the K-12 area needed to balance the overall budget net to \$214.3 million, or 1.6 percent of the public schools' maintenance-level budget.

## **MAJOR INCREASES**

### **MAINTENANCE LEVEL CHANGES - \$251 MILLION NET GENERAL FUND-STATE INCREASE**

Major increases, at the maintenance-level, include higher certificated instructional staff costs due to an increased concentration of instructional staff with more years of experience and advanced degrees. These higher ratios increased costs by \$104.9 million. Restoration of the LEA reduction that could not be made because Engrossed Substitute House Bill 1776 (school district levies) was not enacted added \$60.3 million to the maintenance-level budget.

Regular student enrollments increased between the caseload forecasts of March 2009 and February 2010 by an annual average of 2,870 full-time equivalent (FTE) students, primarily in grades 11 and 12, adding \$17.2 million in costs. Special education enrollments increased and bilingual student enrollments decreased over the same period.

### **EDUCATION REFORM - \$5 MILLION GENERAL FUND-STATE**

Targeted increases in the Senate budget include \$3.6 million in General Fund-State funds for implementation of Engrossed Second Substitute Senate Bill 6696 (regarding education reform). Engrossed Second Substitute Senate Bill 6696 is designed to help the state compete for federal Race to the Top funds through identifying low-performing schools, creating new state authority to help turn those schools around, and supporting evaluation of teachers and principals in classrooms and schools.

The Senate budget funds the ongoing implementation of last year's education reform bill that restructured the formulas that fund public schools in a way that is more transparent and understandable to parents, educators, school boards, and the general public. The Senate budget includes \$1.7 million to reprogram the state's payment systems to match the new funding structure.

## **MAJOR SAVINGS**

### **REDUCE OR ELIMINATE CLASS SIZE ENHANCEMENTS FOR GRADES K-4 - \$103 MILLION GENERAL FUND-STATE SAVINGS**

State law requires certain levels of staffing per FTE student. Currently, the law requires: 49 certificated instructional staff (CIS) to 1,000 annual average FTE students enrolled in grades kindergarten through three; 46 CIS to 1,000 annual average FTE students in grades four through twelve; 4 certificated administrative staff to 1,000 annual average FTE students in grades kindergarten through twelve; and 16.67 classified personnel to 1,000 average FTE students enrolled in grades kindergarten through twelve.

The enacted budget provides enhancements over these levels to reduce class sizes — funding 53.17 CIS per 1,000 average annual FTE students in grades kindergarten through four.

The Senate budget decreases these enhancements from the current ratios of 53.17 staff per 1,000 student FTEs to 49.5 staff per 1,000 student FTEs in grades kindergarten through three and returns to the statutorily-required level of 46 staff per 1,000 student FTEs in grade 4 —decreasing costs by \$102.9 million.

**REDUCE INITIATIVE 728 ALLOCATIONS - \$79 MILLION GENERAL FUND-STATE SAVINGS**

The Senate budget achieves the necessary levels of reduction by decreasing support for non-basic education programs. Initiative 728, approved by voters in 2000, created allocations for school districts to reduce class sizes, offer extended learning opportunities, provide early learning programs, or provide professional development. In the 2010-11 school year, per student allocations are \$99 per student. The Senate budget eliminates these per student allocations.

**ELIMINATE CLASSIFIED STAFF ENHANCEMENTS AND FUNDING FOR A PROFESSIONAL DEVELOPMENT DAY - \$31 MILLION GENERAL FUND-STATE SAVINGS**

Enhanced staffing ratios for classified staff are eliminated, reducing costs by \$15.3 million, and the remaining learning improvement day for professional development is eliminated to save \$15.3 million.

**REDUCE OR ELIMINATE GRANTS AND STATEWIDE PROGRAMS - \$11 MILLION GENERAL FUND-STATE SAVINGS**

A number of grants and statewide programs are reduced or eliminated, decreasing costs by \$10.5 million. These include elimination of career and technical education grants and Building Bridges grants, elimination of the Retooling to Teach Math and Recruiting Diverse Teachers programs, and a 50 percent reduction to the alternative routes program, among others.

## **EARLY LEARNING & CHILD CARE**

### **OVERVIEW**

The Early Childhood Education and Assistance Program (ECEAP) makes up 90 percent of the Department of Early Learning's (DEL) General Fund-State budget. The Senate budget reduces administration and other smaller state programs to preserve ECEAP to the greatest extent possible.

The Temporary Assistance For Needy Families (TANF) program, which includes child care, is facing a \$13.4 million deficit. The economy is increasing the number of working poor and creating a larger contingent of families who need to participate in work activities in order to receive cash benefits. While making administrative reductions, the Senate budget fully maintains funding for the Working Connections Child Care program, which provides subsidized child care for approximately 37,000 individuals each year.

## MAJOR SAVINGS

### **SMALL PROGRAM REDUCTIONS - \$1.9 MILLION GENERAL FUND-STATE SAVINGS**

Savings are achieved through discontinuing state funding for Child Care Resource and Referral (\$425,000) and the Career and Wage Ladder (\$1.5 million). Both programs will continue to receive federal funding.

## HIGHER EDUCATION

### OVERVIEW

The Senate budget provides new opportunities for unemployed workers to build new skills; maintains the full range of ways in which state government provides financial assistance to citizens pursuing higher education; and minimizes further reductions to the public colleges and universities to the extent possible.

As provided in the original biennial budget, the average state need grant award will increase to \$4,000 per full-time student next year in order to keep pace with anticipated tuition increases, and grants will be awarded to approximately 650 additional students, bringing the total number of FTE recipients to over 57,000. Of this amount, approximately 60 percent of the funding needed to maintain this level of support for the State Need Grant is generated by the temporary increase in the general state sales tax associated with this operating budget proposal.

### INCREASES

### **WORKER RETRAINING - \$27.8 MILLION BACK TO WORK RETRAINING ACCOUNT-STATE**

Funding is provided for an additional 6,000 full-time equivalent (FTE) unemployed workers to train at community and technical colleges for new jobs in high-demand fields.

## MAJOR SAVINGS

### **PUBLIC COLLEGES & UNIVERSITIES - \$69.5 MILLION GENERAL FUND-STATE SAVINGS**

Direct appropriations to each of the state's six public universities and 34 community and technical colleges are reduced by an additional 6 percent in fiscal year 2011. This 6 percent adjustment is after accounting for the \$20.8 million that the public colleges and universities, like all state agencies, are expected to achieve through furloughs, reductions in hours worked, and other temporary layoff measures.

As with implementation of the reductions in the original biennial budget, the colleges and universities are expected to focus first on achieving savings through purchasing efficiencies, reduced energy use, administrative reductions, and program consolidations. However, additional reductions in course offerings, increases in class sizes, and reduced student support services are likely.

**STATE WORK STUDY PROGRAM - \$7.4 MILLION GENERAL FUND-STATE SAVINGS**

Funding is reduced by approximately 30 percent in the second year of the biennium. These savings are to be achieved through a combination of actions, such as: maintaining average student earnings at the current level rather than increasing them to keep pace with the estimated costs of attendance; increasing the required employer share of wages to approximately 50 percent for proprietary employers and to 30 percent for non-profits (from 35 percent and 20 percent now, respectively); and discontinuing non-resident student eligibility for the program.

**HEALTH PROFESSIONAL LOANS & SCHOLARSHIPS - \$4.4 MILLION GENERAL FUND-STATE SAVINGS**

Funding is suspended for the health professional conditional scholarship and loan re-payment program. Because of this suspension, approximately 100 applicants will not receive scholarships or loan re-payments while preparing for or practicing in a health professional shortage area. Funding continues to be available for scholarships and three-year loan re-payment commitments awarded in previous years.

**EDUCATIONAL OPPORTUNITY GRANTS - \$2.6 MILLION GENERAL FUND-STATE SAVINGS**

Funding is suspended for a program that provides additional financial assistance for community and technical college graduates who would otherwise be unable to complete their studies at a distant public baccalaureate institution because of work or financial obligations in their home community. Funding continues to be available to complete scholarship commitments to current recipients, but no new applicants will be selected.

**WASHINGTON SCHOLARS AND WASHINGTON AWARD FOR VOCATIONAL EXCELLENCE - \$1.7 MILLION GENERAL FUND-STATE SAVINGS**

Funding continues to be available to complete scholarship commitments to current recipients, but no new recipients will be selected for either program in 2010. The Washington Scholars program provides four-year scholarships equivalent to approximately 90 percent of full tuition for three outstanding high school graduates from each legislative district each year. Similarly, the Washington Award for Vocational Excellence (WAVE) program provides two-year scholarships equivalent to full tuition for three outstanding high school vocational/technical graduates from each legislative district each year.

**FUTURE TEACHERS SCHOLARSHIP - \$1 MILLION GENERAL FUND-STATE SAVINGS**

Funding is suspended for the future teacher conditional scholarship program. Because of this suspension, approximately 25 new applicants will not receive scholarships while preparing for a teaching career. Funding continues to be available for current recipients who were awarded scholarships in previous years to complete their studies.

# GENERAL ASSISTANCE REFORM

## OVERVIEW

General Assistance is a state-funded program that provides cash and medical benefits for persons who are physically and/or mentally incapacitated and unemployable for 90 days from the date of application. The Senate's 2010 supplemental budget restructures both the medical and cash benefit components of the program. Specifically, by providing additional incentives through time limits, imposing requirements on clients to participate in treatment and agree to other conditions to receive benefits, as well as providing more targeted services, the intent is to make the General Assistance more of a transitional program which was the original purpose when the program was established. The Senate budget provides funds for a more robust health benefit package and maintains a separate Alcohol and Drug Treatment (ADATSA) medical benefit.

## MAJOR INCREASES

### **TRANSITION TO MANAGED CARE - \$23.9 MILLION GENERAL FUND-STATE**

The 2009 legislature approved the transition of General Assistance Unemployable (GA-U) clients to a medical managed care system. This added a mental health benefit and care coordination to the program, resulting in an additional cost of \$72 per member per month.

### **CASELOAD GROWTH ABOVE APPROPRIATIONS - \$22.2 MILLION GENERAL FUND-STATE; \$4.6 MILLION FEDERAL**

The 2009 Legislature capped the GA-U appropriations but caseloads have grown above the levels supported by this limit. The 2010 supplemental budget funds this caseload growth at about 7 percent per year.

### **CASH CASELOAD GROWTH ABOVE APPROPRIATIONS - \$5.3 MILLION GENERAL FUND-STATE**

The cash grant caseload is projected to increase by more than 7 percent each year this biennium. Funding is provided for these additional costs at maintenance level.

## MAJOR SAVINGS

### **MEDICAL - \$35.0 MILLION GENERAL FUND-STATE SAVINGS; \$4.6 MILLION FEDERAL SAVINGS**

Funding is provided for a reformed GA-U program. Appropriations assume that effective September 1, 2010, DSHS will implement a time limit of 12 months in a 24 month period. This results in a caseload reduction of about 5,400 clients resulting in a 30 percent reduction in the average annual caseload from 18,200 to 12,800 for fiscal year 2011.

### **CASH SAVINGS - \$55.8 MILLION GENERAL FUND-STATE SAVINGS**

The GA-U cash program emphasis is changed and placed on services and tools that will lead to better outcomes. GA-U clients with co-occurring drug or alcohol addictions will be required to participate in drug and alcohol treatment enabling faster transition to Supplemental Security Income (where drug or alcohol cannot be a material factor). Homeless clients will be required to accept housing and other shelter services to provide for stability and more effective case management. \$14.4 million is specifically provided to allow for the expansion of drug treatment and housing services to reduce the time GA-U clients stay on the caseload. If clients are referred to these services and choose not to participate in either service, they will not be eligible for cash benefits but their medical and food stamp benefits will continue. Additionally, the current GA-U monthly cash benefit will be converted into a more limited cash benefit for emergency circumstances. Once a client moves onto General Assistance Expedited, the normal cash benefit will become available. The combination of these actions is anticipated to transition individuals off of caseload quicker and reduce the overall cash benefit payments.

## **HEALTH CARE**

### **OVERVIEW**

The Senate budget for low-income health care emphasizes preserving eligibility for programs such as the Basic Health Plan and preserving access to the full array of Medicaid optional and mandatory services under federal law. Senate legislation increasing the cigarette tax will provide \$85.7 million in funding to preserve enrollment in the Basic Health Plan for approximately 36,600 individuals out of the estimated 69,000 low-income enrollees receiving coverage for fiscal year 2011. The Senate budget also seeks to maximize federal matching funds and restore reductions made to hospitals in the enacted 2009-11 budget.

### **MAJOR INCREASES**

#### **HOSPITAL SAFETY NET ASSESSMENT - \$188 MILLION HOSPITAL SAFETY NET ACCOUNT**

Additional funding to hospitals of \$188 million (net of assessments paid) is provided via a Hospital Safety Net Assessment, pursuant to Senate Bill 6758 (hospital safety net). Hospitals pay assessments which leverage federal match and are returned to the hospitals in the form of rate increases ranging from 4 percent to 16 percent for inpatient services and from four to 36 percent for outpatient services. The assessment amounts and payment increases vary by hospital type and number of non-Medicare inpatient days, and increase over four phases from July 2009 through June 2013. The sum of \$33 million from these assessments is provided to the state to fund other health care programs. See related savings item.

#### **FQHC / COMMUNITY CLINIC RATE INCREASE - \$39.9 MILLION GENERAL FUND-STATE; \$54.4 MILLION FEDERAL**

In response to a 2006 federal CMS audit, the reimbursement rate to ensure that Federally Qualified Health Centers (FQHCs) are paid at their cost for Healthy Options (HO) managed care clients was reduced to be consistent with the fee-for-service encounter rate

upon which it is intended to be based. In order to offset this reduction, a new Washington state specific inflationary index will be used to replace the Medicare Economic Index (MEI) in determining the FQHC fee-for-service encounter rates. Effective January 2009, encounter reimbursement rates are increased by 3.8 percent annually compared to 1.2 percent under the MEI for the 2009-11 biennium. This increase is projected to offset the reductions taken as a result of the lower HO enhancement rates and also increase utilization rates. Total expenditures in combined encounters and enhancements are projected to increase by over 38 percent from fiscal year 2008 through fiscal year 2011.

**PARTIAL RESTORATION OF ADMINISTRATIVE REDUCTIONS - \$6.9 MILLION GENERAL FUND-STATE; \$11.4 MILLION FEDERAL**

The 2009-11 enacted budget reduced the Medical Assistance administrative base by roughly 17.5 percent. Funding is provided to reflect a 7.5 percent administrative reduction; \$200,000 of this restoration amount will go towards contracting for a Medicaid cost containment study through the Joint Legislative and Audit Review Committee.

**FAMILY PLANNING FUNDING - \$3.5 MILLION GENERAL FUND-STATE**

Funding is provided for a variety of services including education and counseling, birth control, and STD testing and treatment.

## **MAJOR SAVINGS**

**HOSPITAL SAFETY NET ASSESSMENT - \$33.4 MILLION GENERAL FUND-STATE SAVINGS**

Pursuant to Senate Bill 6758 (hospital safety net), after leveraging federal match and returning funding to the hospitals in the form of rate increases, the sum of \$33 million from these assessments is available to the state to offset costs for other health care programs.

**FQHC / COMMUNITY CLINIC GRANT REDUCTION - \$11.1 MILLION GENERAL FUND-STATE SAVINGS**

Grants provided to FQHCs are eliminated for fiscal year 2011 and are retained for non-FQHC community clinics that are not reimbursed at full-cost for their Medicaid clients. Additionally, dental residency and community collaborative grants for fiscal year 2011 are not reduced.

**DISPROPORTIONATE SHARE HOSPITAL REDUCTION - \$10.9 MILLION GENERAL FUND-STATE SAVINGS; \$10.9 MILLION FEDERAL SAVINGS**

Disproportionate Share Hospital grant payments, which are paid using a formula based on charity care costs and profit margins, are eliminated for fiscal year 2011. For most hospitals these losses are offset by the anticipated rate increases for inpatient and outpatient services pursuant to Senate Bill 6758 (hospital safety net assessment).

**REDUCTION OF DENTAL ENHANCEMENTS - \$4.9 MILLION GENERAL FUND-STATE SAVINGS; \$7.6 MILLION FEDERAL SAVINGS**

Reductions are made to dental rate and service enhancements that were added in the 2007 session, for both adults and children in the areas of Access to Baby and Child Dentistry (ABCD), orthodontics, and endodontics. This reduction is anticipated to curb the rapid growth in dental expenditures, which have increased by over 46 percent from fiscal year 2007 through fiscal year 2009. Dental services are not to be reduced beyond the levels provided in the 2005-07 biennium.

**PAUSING OF PROVIDERONE PHASES TWO AND THREE - \$4.7 MILLION GENERAL FUND-STATE SAVINGS; \$6.2 MILLION FEDERAL SAVINGS**

Implementation of the ProviderOne project is paused at the end of Phase One. Sufficient funding is provided for post-implementation Phase One operations, maintenance, stabilization and certification. However, savings are achieved by eliminating fiscal year 2011 funding for continued development and implementation for Phases Two and Three.

**ELIMINATION OF THE PURCHASE OF VACCINES - \$1.8 MILLION GENERAL FUND-STATE SAVINGS**

In the 2009-2011 biennial budget, state funding for the universal purchase of vaccines was eliminated. The Department of Health has achieved an additional \$1.8 million in unanticipated savings related to eliminating this program.

## **LONG TERM CARE, DEVELOPMENTAL DISABILITIES**

### **OVERVIEW**

The Aging and Disability Services Administration (ADSA) administers the Long Term Care (LTC) and [Division of] Developmental Disabilities (DDD) programs. These two programs combined account for approximately \$2.1 billion in General Fund-State expenditures for the 2009-11 biennium.

Several savings items in the 2009-11 Biennial Appropriations Act were subsequently impacted by court action including case decisions and temporary restraining orders. The specific savings items and the relevant litigation are detailed below and the total amount of lost savings is \$41.3 million:

- Nursing Home rates - *WHCA v. Dreyfus*
- In Home Hours Reduction - *Koshelnik-Turner v. Dreyfus* and *Faith Freeman v. Dreyfus*
- Adult Day Health - *LTC Ombudsman v. Dreyfus*
- Implement Substitute House Bill 2361 (in home care/state payments) - *Carter v. Gregoire*

The Senate budget reflects a policy that no budget area is held harmless from reductions. However, as a result of the 2009-11 Appropriations Act litigation, the reductions in ADSA programs are less than their respective share of the DSHS budget. For example, the ADSA programs are approximately 23 percent of the DSHS total maintenance level General Fund-State budget but they are less than 20 percent of all DSHS policy level reductions, not including the impact of the federal stimulus extension.

## **MAJOR INCREASES**

The Senate budget provides funding for increased caseloads and per client per service cost increases. Specifically, funding is provided for:

- Skilled nursing facility placements for over 10,000 residents.
- In-home services (agency and individual provider) for over 33,000 elderly and disabled individuals.
- Residential (adult family home and boarding home) placements for over 16,000 individuals.
- Medicaid personal care services, which provide assistance with activities of daily living such as bathing, grooming, and toileting, for nearly 13,000 developmentally disabled adults and children who reside in their homes or in community residential facilities.
- Supported employment and day services for high school seniors graduating in fiscal years 2010 and 2011.
- The Children's Intensive In-home Behavioral Supports waiver. Adult Day Health services per the recently approved Medicaid waiver for Adult Day Health services. Services, including transportation, are restored to 1,677 clients. Program attrition is assumed and the number of clients declines to approximately 1,058 by the end of fiscal year 2011.

## **MAJOR SAVINGS**

### **NURSING HOME VENDOR RATE REDUCTIONS - \$22.3 MILLION GENERAL FUND-STATE SAVINGS**

The Senate budget assumes changes in the nursing home vendor rate methodology pursuant to Senate Bill 6872 (Medicaid nursing facility payments).

### **MEDICAID PERSONAL CARE REDUCTIONS - \$10.6 MILLION GENERAL FUND-STATE SAVINGS**

Savings are achieved by using individual client assessments to allocate hours for laundry and meal preparation and by increasing the functional eligibility level for Medicaid Personal Care to the Nursing Facility Level of Care.

### **ADMINISTRATIVE AND OTHER REDUCTIONS - \$5.8 MILLION GENERAL FUND-STATE SAVINGS**

Savings are assumed from reductions to ADSA administration, including consolidating printing and human resources functions.

**RESIDENTIAL FACILITY LICENSE FEES - \$4.8 MILLION GENERAL FUND-STATE SAVINGS**

The Senate budget assumes increases in the annual license fee for nursing homes, boarding homes, and adult family homes pursuant to Senate Bill 6571 (nursing & boarding home fees). Nursing home and boarding home fees are increased to fully recover the costs of the licensure program while license fees for adult family homes are increased to recover approximately 50 percent of the costs of the licensure program. The total amount of new fee revenue is \$6.1 million.

**HEMOCARE AGENCY ADMINISTRATION - \$3.7 MILLION GENERAL FUND-STATE SAVINGS**

The hourly agency administration differential is reduced by 68 cents. This is approximately a 4 percent reduction on the total hourly reimbursement provided to homecare agencies.

**CLOSE FRANCES HADDON MORGAN CENTER - \$2.1 MILLION GENERAL FUND-STATE SAVINGS**

The Senate budget funds the closure of Frances Haddon Morgan Center (FHMC) in Bremerton. The budget utilizes State Efficiency and Restructuring Account to fund one-time and transition costs necessary for the closure of FHMC. To facilitate the closure and ensure transition of the residents to alternative settings, the budget funds an additional \$1.2 million General Fund-State for community placements, the creation of state operated living alternative (SOLAs) for child placements, and additional staff.

## **MENTAL HEALTH**

### **MAJOR SAVINGS**

**STATE PSYCHIATRIC HOSPITAL STAFFING - \$7.3 MILLION GENERAL FUND-STATE SAVINGS**

Staffing at the state psychiatric hospitals is reduced by approximately 2 percent from the level originally budgeted for the biennium. These reductions, which have been in process since July 2009 in accordance with the Governor's directive, are being accomplished primarily by holding open positions vacant and implementing scheduling efficiencies to reduce overtime costs.

**COMMUNITY ALTERNATIVES SUPPORT - \$2.0 MILLION GENERAL FUND-STATE SAVINGS**

The nine Western Washington Regional Support Networks (RSNs) presently receive \$7.25 million per year of state funds to provide care in the community or to purchase it on the grounds of Western State Hospital for adults who require supervision and support, but not psychiatric hospitalization. This funding is reduced by 28 percent for the second year of the biennium.

**LABOR & INDUSTRIES RATE CHANGES - \$1.6 MILLION GENERAL FUND-STATE SAVINGS**

The state psychiatric hospitals, like other state institutional programs, are expected to identify and implement sufficient efficiencies in their operations to cover the January 2010 increases in workers' compensation costs. At the hospitals, such rates increased an average of 8 percent in January.

**"NON-MEDICAID" FUNDING REDUCTION - \$1.2 MILLION GENERAL FUND-STATE SAVINGS**

The "state-only" funding provided to Regional Support Networks (RSNs) for services and individuals not eligible for the federal Medicaid program is reduced by an additional 1 percent in the second year the biennium. This brings the total biennial reduction in such funding to approximately 10 percent.

## **OTHER HUMAN SERVICES**

### **DSHS - ECONOMIC SERVICES ADMINISTRATION**

#### **OVERVIEW**

The Senate budget focuses on ensuring that access to low income benefit programs continues. The budget does not restrict eligibility for families, child care, or food stamps. The budget lowers the cash benefit for some programs in order to serve the greatest number of low income people.

#### **MAJOR INCREASES**

**STATE FOOD ASSISTANCE PROGRAM - \$7.2 MILLION GENERAL FUND-STATE**

Funding is provided to allow individuals not eligible for the federal food stamp program to receive basic food. The state food assistance program is anticipated to be 60 percent higher in fiscal year 2010 and 65 percent higher in fiscal year 2011 compared to the 2009-11 budget forecast. The proposed Senate budget reduces the benefit amount by 6 percent to stay within targeted appropriations.

#### **MAJOR SAVINGS**

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) PROGRAM - \$15.6 MILLION GENERAL FUND-STATE SAVINGS**

The TANF block grant program is projecting an anticipated deficit of \$13.4 million by the end of the biennium (assuming current caseload forecasts and accrual forecasts). To ensure that assistance is provided to all who are eligible, the Senate budget reduces the cash grant amount by 7.5 percent. Job search state expenditures are also reduced through leveraging federal dollars at WorkSource offices and aligning Washington's job search policy with the more lenient federal rules.

**CHILD SUPPORT PASS-THROUGH PAYMENTS - \$3.7 MILLION GENERAL FUND-STATE SAVINGS; \$3.7 MILLION FEDERAL SAVINGS**

Savings are achieved by suspending the child support pass-through provision allowed under the Federal Deficit Reduction Act. Washington implemented the pass-through option of up to \$100 for a one-child family or up to \$200 for two or more children. This item reduces the pass-through to \$50 for all families receiving TANF cash assistance allowing the state to keep more.

## **DSHS - CHILDREN'S ADMINISTRATION**

### **OVERVIEW**

The Senate budget focused on preserving as many of the current Children's Administration programs as possible. Reductions that are made to Children's Administration are balanced across each of its missions so that none are disproportionately affected. The Senate budget also leverages alternate funding sources to offset General Fund-State expenditures.

### **MAJOR INCREASES**

**FOSTER CARE AND ADOPTIONS - \$14.5 MILLION GENERAL FUND-STATE AND OTHER FUNDS**

Foster care caseloads are continuing to decrease while adoptions are increasing. The Senate budget continues to invest in services that allow legally free children to move from foster care to adoption faster and evidence-based prevention services aimed at lowering entry into foster care.

### **MAJOR SAVINGS**

**ADOLESCENT SAVINGS - \$2.8 MILLION GENERAL FUND-STATE SAVINGS**

Funding for Secure Crisis Residential Centers and HOPE beds is transferred from the General Fund-State to the Home Security Fund. Neither program is reduced in the Senate budget.

**FOSTER CARE SAVINGS - \$4.5 MILLION GENERAL FUND-STATE SAVINGS**

Savings are achieved through increasing SSI facilitation for children who are eligible for social security benefits. The Senate budget further reduces support services for foster care and implements a 2 percent ratable reduction to foster care payments.

**PRESERVATION SERVICES SAVINGS - \$4.6 MILLION GENERAL FUND-STATE SAVINGS**

Savings are from targeted reductions to several preservation programs. Reductions are made to family preservation services, crisis family intervention, comprehensive assessments, Child Protective Services child care, and alternative response.

# **CORRECTIONS & OTHER CRIMINAL JUSTICE**

## **OVERVIEW**

In response to excess capacity in adult and juvenile correction institutions and slowing or declining demand for incarceration, state institution facilities can be closed or restructured to generate savings through more efficient use of existing prison capacity. In the Department of Corrections and other criminal justice agencies policy level savings total \$38.7 million and 294 FTE staff. The 2010 Senate supplemental budget for the Criminal Justice Training Commission, DSHS-Juvenile Rehabilitation Administration, DSHS- Special Commitment Center and the Department of Corrections is a 0.6 percent reduction to the 2009-11 enacted budget.

## **MAJOR INCREASES**

### **REINSTATE FACILITY CLOSURE FUNDING - \$24 MILLION GENERAL FUND-STATE**

The 2009-11 enacted budget directed a feasibility study for the closure of state institutional facilities, including the Department of Corrections and the DSHS-Juvenile Rehabilitation Administration, and made unspecified reductions of \$12 million in each agency. The Senate budget assumes specific facility closures and downsizes so this funding is restored as a starting point.

## **MAJOR SAVINGS**

### **FACILITY CLOSURE -- DEPARTMENT OF CORRECTIONS - \$26.1 MILLION GENERAL FUND-STATE SAVINGS**

The final recommendations of the facilities closure study were used as a base for developing a facilities closure implementation plan which generates savings through more efficient use of existing prison capacity. The Department of Corrections is directed to: downsize McNeil Island Corrections Center from 1,249 offenders to 512 minimum custody offenders; close the 480 minimum-custody bed facility of Larch Corrections Center in Yacolt; and reduce the Pine Lodge Corrections Center for Women in Medical Lake to 50 percent capacity, or 86 beds, to allow the Department to evaluate options for housing female offenders from eastern Washington.

### **FACILITY CLOSURE -- DSHS JUVENILE REHABILITATION ADMINISTRATION - \$5.8 MILLION GENERAL FUND-STATE SAVINGS**

Juvenile Rehabilitation Administration (JRA) is to close Maple Lane School by the end of the 2011-13 fiscal biennium. Funding is provided for transition costs from the State Efficiency and Reorganization Account. The capital budget provides \$15 million in certificate of participation authority for renovation and construction of specialized housing and treatment facilities, to be paid with the savings associated with closure of the Maple Lane School.

**INSTITUTIONAL AND ADMINISTRATIVE STAFF REDUCTION - \$7 MILLION GENERAL FUND-STATE SAVINGS**

Staff reductions are made at JRA institutions, other than Maple Lane School, as well as at JRA headquarters and regional offices.

**JUVENILE COURT REDUCTION - \$2.5 MILLION GENERAL FUND-STATE SAVINGS**

County pass-through funding for juvenile courts is reduced by 10 percent, effective April 1, 2010. The reduction is in non-evidence based, non-sex offender disposition alternative funding and will not affect the future demand for prison beds.

**LIMIT MANIFEST INJUSTICE - \$1.6 MILLION GENERAL FUND-STATE SAVINGS**

Savings are assumed pursuant to Senate Bill 6868 (manifest injustice/juveniles), which prohibits commitment of youth to JRA solely for the purpose of obtaining chemical dependency and mental health treatment not available in their communities.

**CRIMINAL JUSTICE TRAINING COMMISSION -- FEWER BASIC LAW ENFORCEMENT ACADEMIES - \$1.6 MILLION GENERAL FUND-STATE SAVINGS**

Reflecting actual academies in fiscal year 2010 and diminished demand from local law enforcement agencies the number of Basic Law Enforcement Academies (BLEA) is reduced to 10 in each fiscal year.

**LOCAL COST SHARE OPTION - \$1.1 MILLION GENERAL FUND-STATE SAVINGS**

The Criminal Justice Training Commission may: (1) require local law enforcement agencies to fund 25 percent of the cost of students sent to the BLEA; or (2) require local law enforcement agencies to train and certify students in firearms training prior to attending the BLEA and increase the number of students per academy from 30 to 40.

## **GENERAL GOVERNMENT**

### **MAJOR INCREASES**

**ECONOMIC DEVELOPMENT - \$600,000 GENERAL FUND-STATE**

Funding is provided for: Innovation Partnership Zones (\$250,000) to implement Second Substitute Senate Bill 6790 (innovation partnership zones); Second Substitute Senate Bill 6667 (business assistance programs), including \$50,000 for entrepreneurial development, \$100,000 for the Washington Quality Award Council and \$100,000 for the Manufacturing Innovation and Modernization Extension Services Program; and \$100,000 to implement Second Substitute Senate Bill 6679 (export finance assistance center).

### **MAJOR SAVINGS**

**INTERNATIONAL TRADE AND ECONOMIC DEVELOPMENT PROGRAMS - \$7 MILLION GENERAL FUND-STATE SAVINGS**

Reductions are made in several programs in the International Trade and Economic Development Division, including Tourism Development (\$3.2 million), Associate

Development Organization Grants (\$1.8 million), Washington Technology Center (\$130,000) and Regional Services (\$788,000).

**LOCAL GOVERNMENT PROGRAMS - \$4.9 MILLION GENERAL FUND-STATE SAVINGS**

Reductions are made in the growth management programs in the Local Government Division pursuant to Substitute Senate Bill 6611 (comprehensive land use plans) which delays plan updates by cities and counties. Reductions include Growth Management Grants (\$3.8 million) and Growth Management Administration (\$ 1 million).

**COMMUNITY SERVICES PROGRAMS - \$2.3 MILLION GENERAL FUND-STATE SAVINGS**

Reductions are made in several programs in the Community Services Division, including Community Mobilization (\$1.2 million) and Crime Victims Advocacy (\$350,000)

## **NATURAL RESOURCES**

### **OVERVIEW**

The 2009-11 enacted budget for natural resources is approximately \$1.5 billion and represents 2.5 percent of the overall budget. Of this \$1.5 billion, the general fund accounts for 26 percent or approximately \$383 million. Some of the primary activities funded with these resources include environmental protection; water quality; fish, shellfish, and game harvest; food safety and commodity control; land and resource management; operation and maintenance of camp sites; and forest fire protection.

In the 2009 legislative session, the general fund budget for natural resources was reduced by 25 percent and the overall budget was reduced by 6 percent. The Senate supplemental budget reduces the general fund by an additional 3.5 percent, but achieves an increase of 2.6 percent to the overall budget which is due in part to the addition of federal funds for Puget Sound cleanup and restoration and for agricultural and land management activities.

Although the ongoing fiscal situation required additional reductions in natural resource agencies, the Senate budget was crafted to achieve the following goals: (1) protect and preserve the health of the state's natural resources; (2) safeguard, to the extent possible; public access to the state's natural resources; and (3) achieve efficiencies by restructuring processes and consolidating common functions.

### **MAJOR INCREASES**

**FIRE SUPPRESSION - \$11.7 MILLION GENERAL FUND-STATE**

The Senate budget provides \$11.7 million for incurred costs associated with fire suppression activities during fiscal year 2010.

**WATER AND LAND MANAGEMENT - \$200,000 GENERAL FUND-STATE; \$11.1 MILLION OTHER FUNDS**

The Senate budget provides funding for managing water right processing, which includes an increase in the use of cost reimbursement agreements, and to support land

management activities. These land management activities include continuation of the forest practices adaptive management process and reforestation and habitat restoration pursuant to agreements with local governments and other private entities.

**PUGET SOUND CLEANUP AND RESTORATION - \$7.9 MILLION OTHER FUNDS**

The Senate budget provides \$7.9 million for activities that support the ongoing cleanup and restoration of Puget Sound. Approximately \$4.3 million will be spent for mitigation activities in Commencement Bay as a result of a settlement received for contamination caused by the Asarco smelter plant. In addition, the capital budget invests approximately \$18.6 million in new projects that will benefit Puget Sound.

## **MAJOR SAVINGS**

**CONSOLIDATION, RESTRUCTURING AND GENERAL EFFICIENCIES - \$11.1 MILLION GENERAL FUND-STATE SAVINGS; \$1.6 MILLION OTHER FUND SAVINGS**

Savings are achieved via the following: consolidating the Department of Natural Resources, the Department of Fish and Wildlife, and the State Parks and Recreation Commission; consolidating the back-office functions of the Puget Sound Partnership and the Recreation and Conservation Office; modifying the structure of the Growth Management Hearings Board (Board) and consolidating the Board and the Environmental Hearings Office into the Environmental and Land Use Hearings Office; reducing the general fund subsidization of fee-based programs; requiring small agencies to consolidate their back-office functions within Small Agency Client Services; and other administrative reductions.

**WATER MANAGEMENT - \$8.4 MILLION GENERAL FUND-STATE SAVINGS**

Savings are achieved by shifting water pollution activities from the general fund to the State Toxics Control Account, reducing data collection and stream flow measurement and management activities; reducing activities that support wetland mitigation, including follow-up compliance and technical assistance; and reducing grants and technical assistance to conservation districts.

**AGRICULTURE AND LAND MANAGEMENT - \$2.7 MILLION GENERAL FUND-STATE SAVINGS**

Savings are achieved by reducing funding for grants and technical assistance to conservation districts; for various programs that support agricultural activities, including weights and measures, marketing, plant protection, and laboratory functions; and for combating invasive weeds.

## **OTHER CHANGES**

**AGENCY REORGANIZATION SAVINGS - \$3.5 MILLION GENERAL FUND-STATE SAVINGS**

The Senate supplemental budget saves over \$3 million through reorganizing and consolidating state agencies. The Legislature is consolidating the Caseload Forecast Council and Sentencing Guideline Commission into the Economic and Revenue Forecast Council, to enhance data analysis functions within all three agencies. The Indeterminate

Sentencing Review Board is merged into the Department of Corrections. The State Law Library's budget is now contained within the Supreme Court budget. The State Printer is being eliminated.

Efficiencies are also gained by requiring small agencies to use the small agency accounting services offered by the Office of Financial Management and by eliminating boards and commissions.

Under Second Substitute Senate Bill 6515 (refocusing the Department of Commerce), the Department of Commerce is being reorganized to provide a focus on economic development and many programs within the Department are being transferred to other state agencies.

**JUDICIAL STABILIZATION FUNDS - \$8.7 MILLION GENERAL FUND-STATE SAVINGS; \$8.7 MILLION JUDICIAL STABILIZATION TRUST ACCOUNT**

In the 2009 session, Substitute House Bill 2362 (judicial branch agencies) authorized temporary additional surcharges on some court fees. Senate Bill 6871 (supporting judicial branch and criminal justice funding) makes those surcharges permanent and redirects an existing traffic infraction penalty to the Judicial Stabilization Trust Account. General Fund-State savings are achieved in several judicial agencies as a result of this additional revenue.

**EMPLOYEE COMPENSATION**

**HEALTH BENEFIT INCREASES - \$21.9 MILLION GENERAL FUND-STATE; \$17.4 MILLION OTHER FUNDS**

Additional funding is provided to reflect the difference between the actual rate of medical cost increases and the rate of medical inflation assumed in the 2009-11 enacted budget. State employer contribution rates for fiscal year 2011 are increased from \$768 per employee per month to \$795 per employee per month, an increase of \$50 per employee per month over contribution levels for fiscal year 2010.

# APPENDIX A

## Senate 2010 Supplemental Fund Transfers

(Dollars in Millions)

<b>Budget Stabilization Account</b>	<b><u>Total</u></b>
	<b>228.5</b>
<b>Capital Related Transfers to GF-S</b>	
1 Public Works Assistance Account	41.2
2 Job Development Account	20.9
3 Education Construction Account	14.4
4 Thurston County Capital Facilities Account	5.8
5 Energy Freedom Account	1.1
6 Water Quality Capital Residual Balance	0.3
<b>Capital Related Transfers to GF-S</b>	<b>83.6</b>
<b>Other Fund Transfers to GF-S</b>	
7 State Toxics Control Account	50.6
8 Local Toxics Control Account	45.2
9 Performance Audits of Government Account	15.0
10 Public Service Revolving Account	15.0
11 State Treasurer's Service Account	12.0
12 Savings Incentive Account	10.1
13 Streamline Sales Tax Mitigation Account	10.0
14 Shared Game Lottery Account	6.0
15 Technology Pool Account	5.6
16 Financial Services Regulation Account	4.0
17 Aquatic Lands Enhancement Account	3.5
18 Waste Reduction, Recycling, and Litter Control Account	2.0
19 GET Ready for Math/Science	1.6
20 Judicial Information Systems Account	1.5
21 Criminal Justice Access Fees from Transportation	1.3
22 Department of Retirement Systems Expense Account	1.0
23 Fair Account	1.0
24 Veterans Innovations Program Account	0.3
<b>Other Fund Transfers to GF-S</b>	<b>185.6</b>
<i>GF-S/Ed Legacy Transfers (For Fiscal Year Split Issue)</i>	-
<b>Total Senate Fund Transfers - 2010 Supplemental</b>	<b>497.8</b>

# APPENDIX B

## Estimated State Expenditure Limit (Fiscal Years 2010 and 2011)

*(Dollars in Millions)*

	<u>FY 2010</u>	<u>FY 2011</u>
<b>Limit (Adopted by ELC 11/09) for FY 2010 &amp; 2011</b>	15,836.1	
<b>FY 2011: Rebase To FY10 Appropriation (w/ 2010 Supp)</b>		15,360.3
<b>Adjustments to The Expenditure Limit</b>		
2009 Adopted Adjustments		1,080.7
<b>2010 Supplemental Budget</b>		
* DSHS/Medical Assistance: Medicare Part D (ML)	44.8	(17.9)
* DSHS (Various): FY 2011 ARRA FMAP Adjustment (ML)		25.6
DSHS/JRA: Title 19 Disallowance (ML)	2.4	
DSHS:/Mental Health: Hospital Revenues	0.7	
DSHS/Long Care: APS Fund Switch	0.5	(0.2)
* DSHS (Various): Stimulus FMAP Extension	(2.7)	(477.9)
* DSHS/Medical Assistance: Medicare Part Stimulus FMAP	(56.0)	25.1
HECB: Maintain Need Grant (No adjustment required per legislation)		-
HCA: Preserve Basic Health Plan (No adjustment required per legislation)		-
OSPI: Maintain All Day Kindergarten (No adjustment required per legislation)		-
OSPI: Maintain Levy Equalization (No adjustment required per legislation)		-
DSHS/Children's: Hope Centers and SCRC Shift		(3.5)
DSHS/DD: Refinance and Closure of FHMC		(2.2)
DSHS/Economic Services: Child Care Policy Shift to Federal		(0.5)
DSHS/Economic Services: Food Stamp Administrative Cost Shift to Federal		(4.7)
DSHS/JRA: Closure of Maple Lane School Financing		(5.0)
DSHS/LTC: License Fees Increases (Nursing, Adult Family & Boarding Homes)		(4.8)
DSHS/LTC: Use Traumatic Brain Injury Funds		(2.0)
DSHS/Medical Assistance: CHIPRA Bonus Payments	(7.5)	
DSHS/Medical Assistance: Hospital Safety Net Assessment	(11.9)	(9.6)
DSHS/Mental Health: Medicaid Match on PACT Funds		(0.7)
PERC: Fund Source Change	(0.1)	
Higher Education: Maintenance Fund Shift Between Years		(2.3)
Judicial Agencies: Use Judicial Stabilization Funds		(8.7)
DNR: Shift Fire Protection Costs	(3.0)	1.0
Dept of Ag: Shift Pesticides Testing to STCA		(0.4)
Ecology: Pollution Activities Fund Shift	(1.3)	(2.5)
Ecology: Reduce GF-S Subsidy		(0.2)
Ecology: Shift Water Rights Processing		(0.2)
Fish & Wildlife: Shift Hydraulic Project Permitting Costs		(1.9)
DOH: Public Health Fund Shift to Tobacco Prevention		(2.5)
DOH: Reduce Clinic Subsidies		(0.4)
DOH: Reduce EMS Subsidies		(0.2)
Svcs for Blind: Increased Federal Revenue	(0.04)	
WSP: Criminal Records Fund Shift		(0.8)
Fund Transfer from GF-S: \$110 million transfer to Ed Legacy		(110.0)
<b>Revised Limit Related Funds</b>	<b>15,802.0</b>	<b>15,833.6</b>
<i>Expenditures: FY 2010 &amp; 2011 (Budgeted/Projected)</i>	14,745.4 <sup>▲</sup>	15,700.7 <sup>▲</sup>
<b>Remaining Capacity Under The Expenditure Limit</b>	<b>1,056.6</b>	<b>132.9</b>

Notes: Adjustments are for display purposes only and are not official until adopted by the State Expenditure Limit Committee (ELC). The limit for FY 2010 is rebased to FY 2009 actual spending. The fiscal growth factor for FY 2010 is 5.20% and for FY 2011 is 4.17%.

\* These adjustments are related to the federal American Recovery and Reinvestment Act.

# APPENDIX C

## REVENUE ADJUSTMENTS

### **CLOSING TAX LOOPHOLES - \$518 MILLION GENERAL FUND-STATE INCREASE**

Senate Bill X (closing tax loopholes) narrows or eliminates several tax preferences. See the "Tax Loopholes" chart for those tax preferences affected.

### **TEMPORARILY INCREASING THE SALES AND USE TAX TO FUND K-12 EDUCATION AND STATE NEED GRANTS - \$313.3 MILLION GENERAL FUND-STATE INCREASE**

Senate Bill X (preserving levy equalization, state need grants, and kindergarten and funding the working families' tax exemption) provides funding for levy equalization, all-day kindergarten programs, state need grants, and Working Families' tax exemption refunds by imposing a temporary additional 0.3 percent sales/use tax from June 1, 2010 through June 30, 2013.

### **FUNDING THE BASIC HEALTH PLAN BY INCREASING THE CIGARETTE TAX - \$85.7 MILLION GENERAL FUND-STATE INCREASE**

Senate Bill X (funding the basic health plan) increases the cigarette tax by \$1.00 per pack. Revenues from the increased tax are used to fund approximately 36,600 enrollments for low-income individuals in the subsidized basic health plan.

### **Convention Center Taxes - \$10.1 Million General Fund-State Increase**

Senate Bill 6118 (convention center taxes) eliminates the 2 percent hotel/motel tax within the city of Seattle that is credited against the state portion of the sales tax. In its place the city of Seattle may impose an additional 2 percent hotel/motel tax for the convention center that is an additional tax to the consumer.

### **REGARDING FOREST PRACTICES APPLICATIONS - \$1.0 MILLION GENERAL FUND-STATE INCREASE**

Senate Bill 6846 (regarding forest practices applications) increases the application fee for certain forest practices applications.

### **ENHANCED EMERGENCY 911 (E-911) - \$258,000 GENERAL FUND-STATE INCREASE**

Senate Bill 6846 (enhanced 911 emergency communications services) increases the maximum rates of the E-911 tax on telephone lines for the state and counties by 5 cents and 20 cents respectively. The bill also requires the Department of Revenue (DOR) to collect the tax for the counties and allows DOR to retain an administrative fee of up to 2 percent of the collections. The increased rate will raise approximately \$10 million to the state E-911 account for the 2011-13 biennium.

### **REVIEW OF TAX PREFERENCES - NO IMPACT TO GENERAL FUND-STATE**

Senate Bill 6853 (creating the legislative review of tax preferences act of 2010) provides for a Legislative review and evaluation of tax preferences and establishes criteria to be reviewed in considering preferences.

**ESTATES AND TRUSTS - NO IMPACT TO GENERAL FUND-STATE**

Substitute Senate Bill 6831 (estates and trusts) provides that a will or trust of an individual who dies during 2010, and who uses a formula clause using terms referring to the federal estate tax, will be deemed to be referencing the federal estate tax as it was in 2009. This provision is necessary since the federal estate tax expired for the year 2010.

**SALES AND USE TAX EXEMPTIONS FOR EQUIPMENT IN DATA CENTERS - NO IMPACT TO GENERAL FUND-STATE**

Senate Bill 6789 (sales and use tax exemptions for certain equipment and infrastructure contained in data centers) creates a sales and use tax exemption for certain datacenters built in rural counties prior to July 1, 2011 for servers and power equipment. The exemption is allowed until April 1, 2018.

**EXTENDING THE BUSINESS & OCCUPATION (B&O) TAX EXEMPTION FOR NEWSPAPER SUPPLEMENTS - NO IMPACT TO GENERAL FUND-STATE**

Senate Bill 6748 (taxation of newspaper-labeled supplements) extends the definition of newspaper to include the online addition and newspaper supplements from 2011 to 2015. The effect of this date extension is a continuation of the current lower newspaper business and occupation tax rate for revenues from the online edition and newspaper supplements until 2015.

**EXEMPTION FROM PROPERTY TAX FOR AIRCRAFT USED TO PROVIDE AIR AMBULANCE SERVICES - NO IMPACT TO GENERAL FUND-STATE**

Engrossed Substitute Senate Bill 6737 (exemption from property tax for aircraft used to provide air ambulance services) provides property tax exemptions and an aircraft excise tax exemptions for aircrafts owned by a nonprofit used to provide emergency medical transportation services and private aircraft exclusively used for Medivac flights from islands in Washington State.

**EXPANDING HEALTH SCIENCES AND SERVICES AUTHORITIES - NO IMPACT TO GENERAL FUND-STATE**

Substitute Senate Bill 6727 (health sciences and services authorities) makes changes to the health science and service authority enacting statutes; specifically, it allows a health science and service authority to incur debt and no more than 10 percent of their revenues may be used for personnel costs. The bill also provides that one more authority may be created in eastern Washington.

**IMPROVING TAX ADMINISTRATION - NO IMPACT TO GENERAL FUND-STATE**

Substitute Senate Bill 6721 (tax statute clarifications and technical corrections) makes technical corrections and clarifications to property and excise taxes to improve administration.

**PROVIDING LOCAL GOVERNMENTS WITH REVENUE FLEXIBILITY - NO IMPACT TO GENERAL FUND-STATE**

Engrossed Substitute Senate Bill 6424 (local excise tax authorities for counties and cities) removes the nonsupplant provisions from the local 0.3 percent public safety sales/use tax and the 0.1 percent county legislative imposed sales/use tax for criminal justice. Further, until January 1, 2014, Engrossed Substitute Senate Bill 6424 expends the use of revenues from gambling enforcement to public safety.

**TEMPORARY SUSPENSION OF INITIATIVE 960 - NO IMPACT TO GENERAL FUND-STATE**

Engrossed Substitute Senate Bill 6130 (amending Initiative 960) suspends the two-thirds majority necessary to approve raising taxes and the tax advisory vote provisions until July 1, 2011.

**ARTS AND HERITAGE PROGRAMS FUNDING- NO IMPACT TO GENERAL FUND -STATE**

Engrossed Substitute Senate Bill 6051 (lodging taxes) eliminates distributions to the endowment fund for arts and heritage programs in King County and instead deposits them into a special account dedicated to arts and heritage programs. Between the years 2013-2015 if Kingdome bonds have been retired, 50 percent of the state shared lodging taxes in King County shall be deposited into the special account. Beginning in 2021, 37.5 percent of the state shared hotel/motel tax shall be deposited into the special account.

**REGARDING COMMUNITY REVITALIZATION FINANCING - NO IMPACT TO GENERAL FUND-STATE**

Substitute Senate Bill 6609 (infrastructure financing for local governments) allows additional local governments to create "revitalization areas" and use certain tax revenues which increase within the area to finance local public improvements, including a state contribution in the form of a local sales and use tax credited against the state tax. The following areas are "demonstration projects" which may establish revitalization areas and finance local public improvements: Richland, Lacey, Puyallup, Renton, New Castle, and Mill Creek. These approved demonstration projects may impose the new local tax credited against the state tax beginning July 1, 2012 and the maximum state contribution for all six projects is \$1.95 million per fiscal year.

**PROVIDING A B&O TAX CREDIT FOR QUALIFIED EMPLOYMENT POSITIONS - \$339,000 GENERAL FUND-STATE DECREASE**

Senate Bill 6206 (due dates for tax incentive reports and surveys) allows a 90-day extension of the filing date for annual accountability reports or surveys for taxpayers who have timely filed all earlier annual reports and surveys.

**BPA CONSERVATION PROGRAMS-\$0.3 MILLION GENERAL FUND-STATE INCREASE**

Senate Bill 6614 (Clarifying the applicability of business and occupation tax to conservation programs with the Bonneville power administration) which provides a business and occupation tax exemption for amounts received in credits or in funds from the Bonneville Power Administration for the purpose of implementing energy conservation programs or demand-side management programs.

**PROVIDING A B&O TAX CREDIT FOR QUALIFIED EMPLOYMENT POSITIONS - \$10 MILLION GENERAL FUND-STATE DECREASE**

Substitute Senate Bill 5899 (B&O tax credit) creates a 2-year B&O tax credit program for small businesses which create new employment positions. The credits are: \$2,000 credit for jobs providing wages and benefits between 150 percent of minimum wage and \$40,000; and a \$4,000 credit for employment positions with wages and benefits over \$40,000.

# APPENDIX D

**2009-11 Revised Omnibus Operating Budget (2010 Supp)**  
**GF-S + Worker Retraining**  
(Dollars in Thousands)

	<b>Senate Chair</b>	<b>Leg View of Gov</b>	<b>Difference</b>
<b><i>Increases</i></b>			
Redistricting Costs	671	0	671
Changes to Levy Base	1,533	0	1,533
Moore, et al. v. HCA	1,651	1,651	0
Juveniles in Adult Jails	1,747	0	1,747
Implement Tax Administration Change	2,613	0	2,613
Crime Victims Caseload Adjustments	3,430	0	3,430
Fund Family Planning	3,500	0	3,500
DD Waiver Slots Priority Pop.	3,562	3,875	-313
Education Reform	3,775	200	3,575
Working Families Admin Startup	5,250	0	5,250
Correcting Medical Asst Admin Base	6,884	21,500	-14,616
Emergency Fire Suppression	11,542	11,542	0
Other	15,654	1,985	13,669
Adult Day Health - TRO	19,306	19,306	0
Central Service Adjustment	21,148	21,148	0
Health Insurance Increase	21,898	50,658	-28,760
Restore JR and DOC Closure Funding	24,000	24,000	0
WHCA v Dreyfus FY10 Impact	38,247	0	38,247
FQHC: Encounter Rate Increase	39,902	18,477	21,425
<b>Increases Total</b>	<b>226,313</b>	<b>174,342</b>	<b>51,971</b>
<b><i>K-12 Education</i></b>			
K-4 Staffing Levels	-102,932	-110,636	7,704
Student Achievement Program	-78,519	-78,474	-45
Classified Staff Ratio	-15,323	0	-15,323
Learning Improvement Day	-15,276	-14,970	-306
Grant Programs	-9,453	-17,329	7,876
Other	-3,524	-3,112	-412
Full-Day Kindergarten (Ed Legacy)	0	-33,567	33,567
Highly Capable Program	0	-7,388	7,388
Levy Equalization	0	-142,943	142,943
<b>K-12 Education Total</b>	<b>-225,027</b>	<b>-374,852</b>	<b>149,825</b>
<b><i>Higher Education</i></b>			
Institutional Reductions	-69,441	-89,532	20,091
Small Grant and Loan Programs	-11,901	-6,635	-5,266
Work Study Reduction	-7,379	-22,900	15,521
Other	-1,136	-1,419	283
State Need Grant	0	-146,435	146,435
CTCS: Worker Retraining	27,834	11,533	16,301
<b>Higher Education Total</b>	<b>-62,023</b>	<b>-255,388</b>	<b>193,365</b>
<b><i>Early Learning</i></b>			
Other	-2,118	-1,970	-148
ECEAP Reduction	0	-10,500	10,500
Working Connections Child Care Red.	0	-88,500	88,500
<b>Early Learning Total</b>	<b>-2,118</b>	<b>-100,970</b>	<b>98,852</b>

**2009-11 Revised Omnibus Operating Budget (2010 Supp)****GF-S + Worker Retraining**

(Dollars in Thousands)

	<b>Senate Chair</b>	<b>Leg View of Gov</b>	<b>Difference</b>
<b>Health Care</b>			
Hospital Assessment Revenue	-33,379	-22,700	-10,679
Comm. Clinic State Fund Reduction	-11,104	0	-11,104
DSH Program Reductions	-10,950	0	-10,950
Other	-6,650	-5,280	-1,370
Reduce Dental Enhancements	-4,935	0	-4,935
Pause ProviderOne Phase 2 and 3	-4,656	0	-4,656
HO Administrative Adjustment	-2,523	0	-2,523
Universal Vaccination Savings	-1,800	-1,800	0
Reduce Oral Health Program	-1,385	0	-1,385
Eliminate Community Clinic Grants	0	-12,459	12,459
Elimination of Basic Health Program	0	-160,575	160,575
Reduce AIDSNET Grants	0	-5,203	5,203
Reduce Apple Health Elig to <205%	0	-11,573	11,573
Reduce HIV/AIDS Client Services	0	-5,179	5,179
Susp Reimburse'm't School Based Srvc	0	-5,671	5,671
Suspend Adult Dental Services	0	-13,811	13,811
Suspend Adult Hearing Services	0	-1,297	1,297
Suspend Adult Hospice Services	0	-6,161	6,161
Suspend Adult Vision Services	0	-1,703	1,703
Suspend Maternity Support Services	0	-28,050	28,050
Suspend Medicare Part D Co-Pays	0	-6,394	6,394
Suspend Phy/Occ/Speech Therapy Srvc	0	-4,581	4,581
Suspend Podiatry Services	0	-996	996
Suspend Provider Interpreter Srvc	0	-4,419	4,419
<b>Health Care Total</b>	<b>-77,382</b>	<b>-297,852</b>	<b>220,470</b>
<b>General Assistance/ADATSA</b>			
GA-Cash Grant Reform	-55,879	0	-55,879
GA-U Medical Reform	-35,280	0	-35,280
Eliminate ADATSA	0	-17,407	17,407
Eliminate GA-U Cash Grant	0	-88,536	88,536
Eliminate GAU	0	-110,175	110,175
Reduce GAU Chemical Dependency	0	-2,669	2,669
GAU Caseload	22,248	19,919	2,329
Move GAU Medical to Manage Care	23,892	15,624	8,268
<b>General Assistance/ADATSA Total</b>	<b>-45,019</b>	<b>-183,244</b>	<b>138,225</b>
<b>Long Term Care, DD, and Mental Health</b>			
Nursing Home Rate Reduction	-22,294	0	-22,294
Adult Day Health (TRO + Revised)	-12,570	-12,839	269
Other Mental Health Reductions	-11,786	-17,944	6,158
Other Long-Term Care Reductions	-8,271	-4,949	-3,322
Other Developmental Disabilities Reductions	-6,514	-7,118	604
NH Level of Care for MPC Clients	-5,535	-5,470	-65
Reduce IP/AP Hours	-5,111	-24,164	19,053
Home Care Agency Reductions	-3,662	-14,821	11,159
Increase Residential License Fees	-2,993	-3,022	29
Close DDD Institutions	-2,123	1,611	-3,734
DD Residential Services	-1,841	-3,671	1,830
Adult Family Home License Fees	-1,793	0	-1,793

**2009-11 Revised Omnibus Operating Budget (2010 Supp)****GF-S + Worker Retraining**

(Dollars in Thousands)

	<b>Senate Chair</b>	<b>Leg View of Gov</b>	<b>Difference</b>
PALS Community Alternatives	-1,250	-3,250	2,000
Reduce Senior Citizens Services Act	-1,000	-6,967	5,967
Other	-396	-51	-345
Home Care Training	0	-3,513	3,513
Reduce DD Institutional Funding	0	-1,778	1,778
Revise DD Individual & Family Support	0	-5,173	5,173
Suspend Volunteer Chore	0	-1,877	1,877
<b>Long Term Care, DD, and Mental Health</b>	<b>-87,139</b>	<b>-114,996</b>	<b>27,857</b>
<b>Total</b>			
<b><i>Corrections and Other Criminal Justice</i></b>			
DOC: Facility Openings/Closings	-26,133	-20,751	-5,382
Other	-10,502	-9,002	-1,500
JRA: Facility/Capacity Related	-5,833	-2,161	-3,672
DOC: Reduce Work Release Capacity	-4,166	-4,166	0
JRA: Reduce Institution Staffing	-3,899	-4,859	960
CJTC Reductions	-3,295	0	-3,295
JRA Administrative Staff Reduction	-3,186	-3,742	556
Sentencing Changes	-2,768	-225	-2,543
JRA: Juvenile Court Reduction	-2,513	-2,513	0
Reduce Offsite Medical Costs	-2,192	-2,192	0
Early Deportation	-1,692	0	-1,692
DOC: Tolling for Violators	-1,190	-1,190	0
Minimum Camp Capacity Reduction	-944	-944	0
WSP: Eliminate Staff Positions	-636	-3,771	3,135
Reduce New Offender Re-entry	0	-3,482	3,482
<b>Corrections and Other Criminal Justice</b>	<b>-68,949</b>	<b>-58,998</b>	<b>-9,951</b>
<b>Total</b>			
<b><i>Other Human Services</i></b>			
Other	-14,954	-23,774	8,820
TANF Grant Ratable Reduction	-12,729	0	-12,729
Special Commitment Related	-11,928	-11,600	-328
Crime Victims Changes	-6,235	-3,655	-2,580
State Food Assistance Program	-4,331	0	-4,331
Child Support Pass-Through Payments	-3,746	-6,135	2,389
Secure Crisis Residential Centers	-3,125	-2,500	-625
Redistribution of Fed Tax Intercept	-3,015	-3,011	-4
Reduce Job Search	-2,363	0	-2,363
Family Preservation Services	-2,291	-5,892	3,601
Crisis Family Intervention	-1,147	-2,949	1,802
Supervised Visits	-1,045	0	-1,045
Foster Home Payments	-771	-4,144	3,373
Behavioral Rehabilitative Services	0	-4,176	4,176
Career Services for Non-WorkFirst	0	-3,600	3,600
Educational Advocacy Coordinators	0	-1,128	1,128
ESA: Reduction of Mandatory Workload	0	-6,416	6,416
Medicaid Treatment Child Care	0	-1,599	1,599
Reduce DASA Treatment	0	-5,393	5,393
TANF Time Limit	0	-12,729	12,729
<b>Other Human Services Total</b>	<b>-67,680</b>	<b>-98,701</b>	<b>31,021</b>

**2009-11 Revised Omnibus Operating Budget (2010 Supp)**  
**GF-S + Worker Retraining**  
(Dollars in Thousands)

	<b>Senate Chair</b>	<b>Leg View of Gov</b>	<b>Difference</b>
<b><i>Natural Resources</i></b>			
Agency Consolidation	-10,570	-110	-10,460
Other	-7,258	-10,164	2,906
Pollution Activities Fund Shift	-5,017	0	-5,017
DNR: Use Dedicated Accounts	-5,000	-5,000	0
Charge Fees for HPAs	-1,883	0	-1,883
DFW: Use Dedicated Accounts	-1,500	-1,500	0
DOE: Water Resource Staffing	0	-1,044	1,044
DOE: Watershed Planning	0	-5,309	5,309
Parks: Use Dedicated Accounts	0	-1,200	1,200
<b>Natural Resources Total</b>	<b>-31,228</b>	<b>-24,327</b>	<b>-6,901</b>
<b><i>Agency Reorganizations and Transfers</i></b>			
Community Mobilization	-1,258	-1,258	0
ISRB Merger Savings	-616	-630	14
Child Care Policy and Eligibility	-516	0	-516
Council on Childrens/ Family Policy Council	-300	-2,401	2,101
Youthful Offenders	-239	-239	0
Eliminate Boards and Commissions	-226	-837	611
Use Small Agency Accounting	-191	-191	0
ERFC, Caseload, and SGC merger	-147	0	-147
Eliminate Home Care Quality Auth #	0	-1,224	1,224
Historical: Shared Services	0	-400	400
<b>Agency Reorganizations and Transfers Total</b>	<b>-3,493</b>	<b>-7,180</b>	<b>3,687</b>
<b><i>All Other</i></b>			
Temporary Layoffs	-49,400	0	-49,400
Other	-13,668	-14,492	824
Use New Judicial Stabilization Funds	-8,651	0	-8,651
Econ Development	-6,914	-2,420	-4,494
Local Government	-4,903	-3,903	-1,000
Secretary of State and State Library	-3,101	-3,630	529
Public Health Fund Shift	-2,500	0	-2,500
Judicial Reductions	-2,453	0	-2,453
Community Services	-1,591	-2,942	1,351
Legislative Reductions	-1,142	0	-1,142
2009-11 Bond Debt Service	0	-9,336	9,336
<b>All Other Total</b>	<b>-94,323</b>	<b>-36,723</b>	<b>-57,600</b>
<b><i>Additional Federal Resources</i></b>			
Stimulus FMAP Extension	-483,403	0	-483,403
Medicare Part D Stimulus FMAP	-86,901	0	-86,901
CHIPRA Bonus Payment	-7,461	0	-7,461
Use Federal Funds for Food Stamp Admin	-4,740	0	-4,740
<b>Additional Federal Resources Total</b>	<b>-582,505</b>	<b>0</b>	<b>-582,505</b>
<b><i>Funded With Tobacco and Sales Tax Revenue</i></b>			
Maintain Levy Equalization	-140,832	0	-140,832
Maintain Need Grant Support	-136,373	0	-136,373

**2009-11 Revised Omnibus Operating Budget (2010 Supp)**  
**GF-S + Worker Retraining**  
(Dollars in Thousands)

	<b>Senate Chair</b>	<b>Leg View of Gov</b>	<b>Difference</b>
Preserve Basic Health Plan	-85,698	0	-85,698
Maintain All-Day Kindergarten	-36,102	0	-36,102
GF-S Appropriation to Restore BHP and Education	399,005	0	399,005
<b>Funded With Tobacco and Sales Tax Revenue Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b><u>-1,120,573</u></b>	<b><u>-1,378,889</u></b>	<b><u>258,316</u></b>