



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

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January 14, 2013

TO: Honorable Andy Hill
Honorable Jim Hargrove
Senate Ways & Means Committee

Honorable Ross Hunter
Honorable Gary Alexander
House Appropriations Committee

Honorable Reuven Carlyle
Honorable Terry Nealey
House Finance Committee

FROM: Stan Marshburn
Director

**SUBJECT: TECHNICAL CORRECTIONS AND NEW INFORMATION
RELATING TO GOVERNOR GREGOIRE'S PROPOSED 2013-15
OPERATING BUDGET**

I would like to bring your attention to recommended adjustments to Governor Gregoire's budget proposal released last month. These revisions represent technical changes, error corrections, and new information received after budget completion. The expenditure adjustments total \$18.2 million General Fund-State and \$33.6 million in Other Funds.

The detail by agency is listed in the attachment. A revised database also will be transmitted to the Legislative Evaluation and Accountability (LEAP) Committee.

Thank you for your consideration.

Attachment

cc: Charlie Gavigan, House Appropriations Committee
Steve Jones, Senate Ways & Means Committee
Dave Johnson, House Appropriations Committee
Bryon Moore, Senate Ways & Means Committee
Jeff Mitchell, House Finance Committee

Updates to Governor Gregoire's 2013-15 Biennial Budget

Dollars in Thousands

	GF-State		Other	Total	
	FY 2014	FY 2015			
<u>Operating Budget</u>					
Revenues					
Department of Licensing					
Personalized license plate fees that were not part of the Governor's budget are removed. (Wildlife Account)	0	0	(1,600)	(1,600)	
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Expenditures					
Various Agencies					
The central services billing for small agency accounting, IT and Personal Service Contracts should be adjusted for small changes in the distribution by agency and fiscal year. (Multiple Accounts)	7,911	(7,396)	(168)	347	
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Department of Commerce					
Modify Safety Net programs: The amount of funding transferred from DSHS to the Department of Commerce is reduced. The net statewide impact is zero.	(4,258)	0	0	(4,258)	
Revenue shortfalls in a fee account supporting investigations should have reduced expenditures in the biennial budget, not the supplemental. (Financial Fraud and Identify Theft Crimes Investigation and Prosecution Account)	0	0	(197)	(197)	
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Department of Enterprise Services					
New information from DES indicates that the consolidation of accounts should have included one more transfer. Currently, Production Services and Master Contracts operate from the Data Processing Revolving Account. However, these services align better with other DES services that operate from the Enterprise Services Account. Therefore, \$11.337 million for Production Services and \$1.986 million for Master Contracts are transferred. Both accounts are non-appropriated.					
	Data Processing Revolving Account (419)	0	0	(13,323)	(13,323)
	Enterprise Services Account (422)	0	0	13,323	13,323
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Department of Social and Health Services					
Modify Safety Net programs: Reduced transfer to the Department of Commerce.	4,258	0	0	4,258	
Administration: There was an error in the allocation of agency-wide lease costs.	116	20	0	136	
Division of Alcohol and Substance Abuse: The step for federal Medicaid Expansion was omitted.	(419)	(2,251)	30,466	27,796	
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Criminal Justice Training Commission					
The amount for prosecutor training was misstated. It should be \$60,000 per year rather than \$60,000 for the biennium.	30	30	0	60	

	GF-State		Other	Total
	FY 2014	FY 2015		
Department of Labor and Industries				
Increased housing starts next biennium will require additional electrical inspectors. (Electrical License Account)	0	0	3,407	3,407
Department of Licensing				
The funding changes for the Consolidated Technology Services rate reduction and the data center allocation were inadvertently omitted from the Governor's budget. (Multiple Accounts)	50	50	74	174
Office of Superintendent of Public Instruction (OSPI)				
Assessment Costs: The graduating class of 2015 is required to pass two end-of-course mathematics exams plus an end-of-course exam for biology. The collection of evidence is an alternative assessment available for seniors who have not passed one or more of the exams. The maintenance level rate is \$400 per participating student. OSPI has provided updated projections for the number of seniors projected to participate in the collection of evidence program in the 2014-15 school year.	3,870	9,572	0	13,442
Local Effort Assistance: OSPI provided updated data for the projection of levy equalization payments for the 2013-15 biennium. This includes adjusted assessed valuation information, and technical corrections to the levy model for the base adjustments for I-732 and I-728 under RCW 84.52.0531(4).	4,321	9,344	0	13,665
Levy Equalization: The OSPI provided updated data for the projection of levy equalization payments for the 2013-15 biennium. Policy steps are adjusted accordingly.	(165)	(3)	0	(168)
Alternative Learning Experience (ALE) Audit Recoveries: The State Auditor's Office (SAO) recently completed the 2010-11 school year audits of this program. A one-time adjustment in the assumption for audit recoveries is made based on the scope and size of the audit findings, using the historical ratio of SAO audit findings to OSPI audit resolution recoveries for the ALE programs.	(6,580)	(1,645)	0	(8,225)
Washington State University				
Maintenance and Operations funding for the BioMedical Building was omitted.	517	673	0	1,190
Community and Technical Colleges				
Funding for the Center of Excellence for Aerospace and Advanced Manufacturing training portal was inadvertently omitted from expenditures.	100	100	0	200
Total Expenditure Change	9,751	8,494	33,582	51,827