

Washington State Liquor and Cannabis Board Recommendation Summary

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
2015-17 Estimated Expenditures	345.3	260	86,775	87,035
2017-19 Maintenance Level	358.1	717	88,315	89,032
Difference from 2015-17	12.8	457	1,540	1,997
% Change from 2015-17	3.7%	175.8%	1.8%	2.3%
Policy Other Changes:				
1. Cannabis Regulatory Support	0.0	0	1,850	1,850
2. Traceability System Replacement	3.0	0	2,305	2,305
3. State Data Center Co-Location	0.0	0	392	392
Policy -- Other Total	3.0	0	4,547	4,547
Policy Comp Changes:				
4. State Public Employee Benefits Rate	0.0	5	288	293
5. WFSE General Government	0.0	26	565	591
6. State Represented Emp Benefits Rate	0.0	19	641	660
7. WPEA General Government	0.0	3	509	512
8. The Coalition of Unions Agreement	0.0	6	140	146
9. Non-Rep General Wage Increase	0.0	3	614	617
10. WFSE Orca Transit Pass	0.0	0	12	12
11. Orca Transit Pass-Not WFSE	0.0	0	8	8
Policy -- Comp Total	0.0	62	2,777	2,839
Policy Central Services Changes:				
12. Archives/Records Management	0.0	0	4	4
13. Audit Services	0.0	0	1	1
14. Legal Services	0.0	0	56	56
15. Administrative Hearings	0.0	0	7	7
16. CTS Central Services	0.0	0	15	15
17. DES Central Services	0.0	0	47	47
Policy -- Central Svcs Total	0.0	0	130	130
Total Policy Changes	3.0	62	7,454	7,516
2017-19 Policy Level	361.1	779	95,769	96,548
Difference from 2015-17	15.8	519	8,994	9,513
% Change from 2015-17	4.6%	199.6%	10.4%	10.9%

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POLICY CHANGES

1. Cannabis Regulatory Support

To ensure the safe production and accurate labeling of marijuana products sold in recreational and medical retail stores, the state must conduct accurate pesticide and potency testing. Through an interagency agreement, the Department of Agriculture (AGR) performs limited pesticide and potency testing. Funding for the current agreement is limited, resulting in fewer samples tested and slower turnaround time on test results. Additionally, there is limited capacity to investigate violations of the pesticide compliance and registration program, increasing the risk to human health. Additional ongoing expenditure authority is granted to fund a robust testing program, increase support for pesticide compliance investigations, and enhance coordination of cannabis-related activities at AGR. (Dedicated Marijuana Account-State)

2. Traceability System Replacement

The marijuana traceability system is used to track the production, processing and retail sale of each marijuana product as it moves through the regulated recreational and medical marketplace. Since the system was built, the recreational market has matured and the medical market has been integrated into the recreational market. The regulatory and legal framework necessary to ensure public safety and compliance has grown more complex. These developments have rendered the current traceability system nearly obsolete. To ensure public safety, strict legal compliance and future adaptability, the agency is given expenditure authority to use funds collected from a marijuana licensing fee increase to contract for the development and licensing of a new traceability system. (Dedicated Marijuana Account-State)

3. State Data Center Co-Location

To bring the agency into compliance with RCW 43.105.375 and maximize the use of the state data center, ongoing expenditure authority is granted to co-locate the agency's servers at the state data center. (Dedicated Marijuana Account-State; Liquor Revolving Account-State)

4. State Public Employee Benefits Rate

Health insurance funding is provided for state employees who are not represented by a union, who are covered by a bargaining agreement that is not subject to financial feasibility determination, or who are not part of the coalition of unions for health benefits. The insurance funding rate is \$970 per employee per month for fiscal year 2018 and \$1029 per employee per month for fiscal year 2019. (General Fund-State; General Fund-Federal; Dedicated Marijuana Account-State; other accounts)

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5. WFSE General Government

Funding is provided for a collective bargaining agreement and arbitration award with Washington Federation of State Employees (WFSE), which includes a general wage increase of 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; a general wage increase of 2 percent, effective January 1, 2019; salary adjustments for targeted classifications; a minimum starting wage of \$12 an hour; and changes to vacation leave accruals. Employee insurance included in the agreement is displayed in a separate item. (General Fund-State; Dedicated Marijuana Account-State; Liquor Revolving Account-State)

6. State Represented Emp Benefits Rate

This provides health insurance funding as part of the master agreements for employees who bargain as part of the coalition of unions for health benefits. The insurance funding rate is \$970 per employee per month for fiscal year 2018 and \$1029 per employee per month for fiscal year 2019. (General Fund-State; General Fund-Federal; Dedicated Marijuana Account-State; other accounts)

7. WPEA General Government

Funding is provided for a collective bargaining agreement with Washington Public Employees Association (WPEA), which includes a general wage increase of 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; a general wage increase of 2 percent, effective January 1, 2019; salary adjustments for targeted classifications; and changes to vacation leave accruals. Employee insurance included in the agreement is displayed in a separate item. (General Fund-State; General Fund-Federal; Dedicated Marijuana Account-State; other accounts)

8. The Coalition of Unions Agreement

Funding is provided for a collective bargaining agreement with the Coalition of Unions (Coalition) which includes a general wage increase of 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; a general wage increase of 2 percent, effective January 1, 2019; salary adjustments for targeted classifications; and changes to vacation leave accruals. Employee insurance included in the agreement is displayed in a separate item. (General Fund-State; Dedicated Marijuana Account-State; Liquor Revolving Account-State)

9. Non-Rep General Wage Increase

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; and a general wage increase of 2 percent, effective January 1, 2019. This item includes both higher education and general government workers. (General Fund-State; General Fund-Federal; Dedicated Marijuana Account-State; other accounts)

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10. WFSE Orca Transit Pass

This funds transit passes (ORCA cards) for state employees outside of higher education who work in King County, who are represented by the Washington Federation of State Employees. (Dedicated Marijuana Account-State; Liquor Revolving Account-State)

11. Orca Transit Pass-Not WFSE

This funds transit passes (ORCA cards) for state employees outside of higher education who work in King County, other than those represented by the Washington Federation of State Employees. (General Fund-Federal; Liquor Revolving Account-State)

12. Archives/Records Management

Agency budgets are adjusted to reflect each agency's allocated share of charges for the state archives and state records center (Dedicated Marijuana Account-State; Liquor Revolving Account-State)

13. Audit Services

Agency budgets are adjusted to reflect each agency's allocated share of charges for state government audits. (Liquor Revolving Account-State)

14. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. The Attorney General's Office will work with client agencies to implement stricter policies and best practices regarding usage of legal services to achieve lower bills. (Dedicated Marijuana Account-State; Liquor Revolving Account-State)

15. Administrative Hearings

Agency budgets are adjusted to reflect each agency's anticipated share of charges for administrative hearings. (Dedicated Marijuana Account-State; Liquor Revolving Account-State)

16. CTS Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways, and geospatial imaging services. (Dedicated Marijuana Account-State; Liquor Revolving Account-State)

17. DES Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking, and contracts; a capital project surcharge; financing cost recovery; public and historic facilities; real estate services; risk management services; small agency financial and human resource services; personnel service rates; the Perry Street child care center; and the department's enterprise applications. (Dedicated Marijuana Account-State; Liquor Revolving Account-State)