

GOVERNMENTAL OPERATIONS

Agency 103

**Department of Commerce
Recommendation Summary**

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
2017-19 Original Appropriations	284.3	130,623	433,156	563,779
Maintenance Other Changes:				
1. Other Fund Adjustments	0.0	0	989	989
2. Reduce Expenditure Authority	0.0	0	(179)	(179)
Maintenance -- Other Total	0.0	0	810	810
Maintenance Comp Changes:				
3. Move Pension Fund Shift to Agencies	0.0	(1,618)	1,618	0
4. Updated PEBB Rate	0.0	(75)	(118)	(193)
5. Paid Family Leave--Employer Premium	0.0	5	1	6
Maintenance -- Comp Total	0.0	(1,688)	1,501	(187)
Maintenance Central Services Changes:				
6. Audit Services	0.0	(11)	(20)	(31)
7. Legal Services	0.0	(1)	0	(1)
8. CTS Central Services	0.0	4	6	10
9. OFM Central Services	0.0	3	4	7
10. Workers' Compensation	0.0	17	30	47
11. DES Rate Compensation Changes	0.0	1	0	1
Maintenance -- Central Svcs Total	0.0	13	20	33
Total Maintenance Changes	0.0	(1,675)	2,331	656
2017-19 Maintenance Level	284.3	128,948	435,487	564,435
Policy Other Changes:				
12. Rural & Small Business Assistance	2.5	1,840	0	1,840
13. Industry Sector Development Program	2.5	736	0	736
14. Buildable Lands	0.3	1,576	0	1,576
15. Lead Based Paint Enforcement	0.8	0	193	193
16. Local Government Study	0.5	0	151	151
17. Carbon Rule Adoption	0.0	1,100	0	1,100
18. Families in Crisis Study	0.0	500	0	500
19. Gang Prevention Pilot	0.0	150	0	150

GOVERNMENTAL OPERATIONS

Agency 103

Department of Commerce (cont.)

Recommendation Summary

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
20. Employment Contract Study	0.0	500	0	500
21. Rural Broadband Office	3.0	387	0	387
22. Snohomish County Diversion	0.0	500	0	500
23. Affordable Housing Navigator	1.0	0	250	250
24. ADO Fund Shift	0.0	2,801	(2,801)	0
Policy -- Other Total	10.5	10,090	(2,207)	7,883
Policy Comp Changes:				
25. PERS & TRS Plan 1 Benefit Increase	0.0	10	11	21
Policy -- Comp Total	0.0	10	11	21
Policy Central Services Changes:				
26. Legal Services	0.0	1	1	2
27. CTS Central Services	0.0	8	12	20
28. DES Central Services	0.0	2	4	6
29. OFM Central Services	0.0	7	10	17
30. CTS Fee for Service Adjustment	0.0	4	7	11
Policy -- Central Svcs Total	0.0	22	34	56
Total Policy Changes	10.5	10,122	(2,162)	7,960
2017-19 Policy Level	294.8	139,070	433,325	572,395

POLICY CHANGES

1. Other Fund Adjustments

The agency's expenditure authority from the Mobile Home Park Relocation, Sexual Assault Kit and Skilled Worker Awareness Grant Program accounts are adjusted to reflect available revenue. (Mobile Home Park Relocation Account-Non-Appr; Sexual Assault Kit Account-Non-Appr; Skilled Worker Outreach, Recruitment, and Career A-Non-Appr)

2. Reduce Expenditure Authority

Expenditure authority for the Hanford Area Economic Investment Fund is reduced to reflect available revenue. (Hanford Area Economic Investment-Non-Appr)

Agency 103

Department of Commerce (cont.)**Recommendation Summary****3. Move Pension Fund Shift to Agencies**

In the enacted 2017-19 budget, the legislature shifted a portion of General Fund pension costs to the Pension Funding Stabilization Account, and instructed the Office of Financial Management to allocate this change to agency budgets. This item implements that requirement. (General Fund-State; Pension Funding Stabilization Account-State)

4. Updated PEBB Rate

The funding rate for the Public Employees' Benefits Board (PEBB) insurance program is adjusted for fiscal year 2019 to reflect updated actuarial projections, administrative costs and payments to third-party administrators. The funding is sufficient for a new virtual diabetes prevention program and a change in the waiting period for dental crown replacements in the Uniform Dental Program (UDP) from seven to five years. The change would bring UDP into alignment with the current waiting period in the managed dental plans. This reduces the fiscal year 2019 funding rate from \$957 per month to \$906. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

5. Paid Family Leave--Employer Premium

A paid family and medical leave program was created by Chapter 5, Laws of 2017, 3rd Special Session. Beginning January 1, 2019, the state, as an employer, will be responsible for payment of employer premiums for employees not covered by a collective bargaining agreement. This item provides funding for this obligation. (General Fund-State; General Fund-Federal)

6. Audit Services

Agency budgets are adjusted to reflect each agency's allocated share of charges for state government audits. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

7. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (General Fund-State; General Fund-Federal)

8. 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. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

9. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

Agency 103

Department of Commerce (cont.)**Recommendation Summary****10. Workers' Compensation**

Agency budgets are adjusted to reflect each agency's estimated charges from the Department of Labor and Industries for workers' compensation. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

11. DES Rate Compensation Changes

Funding is provided to cover compensation and central service cost increases that were included in the 2017-19 biennial budget in lines of business at the Department of Enterprise Services that have a fee for service structure. (General Fund-State; General Fund-Federal)

12. Rural & Small Business Assistance

Funding is provided to assist small and underserved businesses and the communities in which they are located. Export assistance will target very small and early stage businesses, which represent 90 percent of the companies that export from Washington, by providing the resources necessary to develop and launch export strategies. Economic gardening grants will assist small companies to advance to the next stage of business development, remain in their community and hire local workers. (General Fund-State)

13. Industry Sector Development Program

Base funding for the Industry Sector Economic Development program is increased to maintain industry liaisons in the sectors of aerospace, clean energy, information and communication technology, life sciences and maritime. (General Fund-State)

14. Buildable Lands

Pass-through funding is provided to assist seven counties (Whatcom, Snohomish, King, Pierce, Kitsap, Thurston and Clark) with the implementation of Chapter 16, Laws of 2017, 3rd Special Session (buildable lands). Funding will allow all seven counties, and the 105 cities and towns within them, to better address affordable housing challenges through a more effective buildable lands program and analysis of land capacity. (General Fund-State)

15. Lead Based Paint Enforcement

Adjusted expenditure authority reflects an increase in available revenue pursuant to the passage of legislation, which increases the lead-based paint (LBP) renovation and abatement certification fee from \$25 to \$30. Additional funds will be used to expand the state's capacity to adequately enforce the LBP abatement and renovation with the addition of two FTE staff. (Lead Paint Account-State)

16. Local Government Study

Funding is provided to conduct a study that will analyze the constitutional and statutory revenue capacity of local governments in relation to their obligations. (Liquor Revolving Account-State)

17. Carbon Rule Adoption

Funding is provided to adopt rules for a newly created clean energy investment fund. (General Fund-State)

Agency 103

Department of Commerce (cont.)

Recommendation Summary

18. Families in Crisis Study

Funding is provided to conduct a study on the public system response for families in crisis, absent evidence of abuse or neglect, who desire services for effective intervention strategies to address family conflict. The department will work with the Department of Children, Youth and Families; the Washington Administrative Office of the Courts; and local jurisdictions to determine what structural changes to the at-risk youth and child in need of services petition processes, as well as family reconciliation services, may be necessary to improve the delivery of services. (General Fund-State)

19. Gang Prevention Pilot

Funding is provided for the city of Yakima to establish a gang prevention pilot program. The pilot program shall be modeled after the Denver Gang Reduction Initiative program, with the goal of creating a sustainable and organized response to gang activity utilizing evidence-based principles. (General Fund-State)

20. Employment Contract Study

Funding is provided for a contract to study and report on independent contractor employment in Washington state. The report will include information on the needs of workers earning income as independent contractors including sources of income, the amount of income derived from independent work and a discussion of benefits provided to such workers. (General Fund-State)

21. Rural Broadband Office

Funding is provided for creation of the Governor's Rural Broadband Office within the Department of Commerce. The office will serve as a coordinating body to ensure statewide broadband access and deployment, annually identify unserved and underserved areas in rural parts of the state, and conduct planning to prioritize and sequence the delivery of quality high-speed broadband to these areas. The agency will work with the Utilities and Transportation Commission, Consolidated Technology Services, the Office of Privacy and Data Protection, the Governor's Office for Regulatory Innovation and Assistance, and all other executive and small cabinet agencies with pertinent regulatory jurisdiction in the implementation and operation of the Governor's Rural Broadband Office. (General Fund-State)

22. Snohomish County Diversion

Funding is provided for Snohomish County to administer a 40-bed residential criminal justice diversion center pilot program. The objectives of the pilot project are reduced recidivism, reduced use of crisis and emergency resources, decreased behaviors associated with untreated mental health and substance use disorders, increased effective engagement with treatment providers, increased housing stability, and increased rates of employment and financial self-sufficiency. (General Fund-State)

Agency 103

Department of Commerce (cont.)**Recommendation Summary****23. Affordable Housing Navigator**

Additional funding is provided to establish an innovation and technology in affordable housing navigator (IT Housing Navigator) position for outreach and collaboration with the housing development community regarding affordable housing issues. The IT Housing Navigator will provide technical assistance in planning, pre-design and design, permitting and construction of innovative affordable housing technology that reduces overall housing costs as it relates to pre-construction, construction and operations, maintenance and sustainment. (Washington Housing Trust Account-State)

24. ADO Fund Shift

Funding for the Associate Development Organization (ADO) program is transferred from the Economic Strategic Reserve Account (ESRA) to the state General Fund. This fund shift will re-capitalize the ESRA, allowing for the continuation of business recruitment and retention activities within the Office of Economic Development and Competitiveness. (General Fund-State; Economic Development Strategic Reserve Account-State)

25. PERS & TRS Plan 1 Benefit Increase

For eligible Public Employees' and Teachers' Retirement System Plan 1 members, this item provides a one-time ongoing increase of 3%, up to a maximum of \$62.50 per month. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

26. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (General Fund-State; General Fund-Federal)

27. 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. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

28. 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. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

29. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

Agency 103

Department of Commerce (cont.)

Recommendation Summary

30. CTS Fee for Service Adjustment

Rates for wireless, virtual private network, and server infrastructure services are increased effective January 1, 2018 to align revenues with WaTech's cost of providing services. Monthly rates per device or service will increase for wireless to \$50, Centrex services to \$45 and virtual private network to \$285 per tunnel per month with a \$500 setup fee. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)