

**GOVERNMENTAL OPERATIONS**

Agency 140

**Department of Revenue**

**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2007-09 Expenditure Authority</b>	1,072.2	198,951	19,583	218,534
<b>Supplemental Changes</b>				
Initiative 960 Implementation		118		118
Unclaimed Property Adjustment			500	500
Online Recruiting Service		56	2	58
Pension Plan 1 COLA Funding		30		30
PEBB Rate Reduction		(1,913)	(110)	(2,023)
<b>Subtotal - Supplemental Changes</b>		(1,709)	392	(1,317)
<b>Total Proposed Budget</b>	1,072.2	197,242	19,975	217,217
Difference		(1,709)	392	(1,317)
Percent Change	0.0%	(0.9)%	2.0%	(0.6)%

**SUPPLEMENTAL CHANGES**

**Initiative 960 Implementation**

Implementation of Initiative 960 will result in added costs for the Department to prepare ten-year cost projections for proposed state tax and fee increases. To accomplish this, the Department will need three analysts for two to three months of each year depending upon the length of the legislative session. Analysts will prepare ten-year cost projections for both expenditures and revenues, and initial incidence estimates for the typical or average taxpayer.

**Unclaimed Property Adjustment**

The Unclaimed Property Program pays vendors for locating unclaimed property. Because the amount of unclaimed property located varies from year to year, the amount of money needed to pay for these services also varies. Based on estimates provided by the vendors and the amount invoiced to the Department in the first three months of Fiscal Year 2008, an additional \$500,000 is needed to ensure adequate funding. (Unclaimed Personal Property Account-Nonappropriated)

**Online Recruiting Service**

To support the state's online recruitment tool (E-Recruiting), additional funds are provided for a one-time charge from the Department of Personnel. This will improve the ability of agencies to manage their recruitment and hiring processes as required by the Personnel System Reform Act of 2002.

**Pension Plan 1 COLA Funding**

Funding was provided in the 2007-09 budget for the additional employer contributions to retirement systems required by modifications to the eligibility criteria for the uniform COLA in the Public Employees' Retirement System Plan 1 (PERS 1) and the Teachers' Retirement System Plan 1 (TRS 1) in Senate Bill 5175. This item moves that funding from the State Employee Compensation Adjustments agency into individual agency budgets. (General Fund-State, other funds)

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### **PEBB Rate Reduction**

The state contributes 88 percent of the total weighted average of the employee health care premium and also pays for the cost of dental, life and long-term disability insurance. Total Public Employees Benefit Board (PEBB) expenditures for the 2007-09 Biennium are anticipated to be lower than budgeted because (1) health plan costs for calendar year 2008 are lower than expected, which will benefit both the state and its employees; (2) the Uniform Medical Plan continues to perform better than projected; and (3) funding was removed from the PEBB administrative cost allocation for an information technology system replacement due to the restrictive nature of federal funding. The state employer contribution rate will be reduced from \$732 per month to \$575 per month. This one-time reduction will leave an unrestricted fund balance of \$19.2 million at the end of Fiscal Year 2009. (General Fund-State, various other funds).