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April 1, 2004

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval the following appropriation items and sections 103(2); 103(3); 103(4); 103(6); 103(7); 111, lines 21-22; 203, lines 26-27; 204(2)(d); 513(18); 601(3); 603(12); 604(9); 609(3)(a); 610(11), lines 7-13; 717; 802, page 207, lines 10-14; and 906, Engrossed Substitute House Bill No. 2459 entitled:

"AN ACT Relating to fiscal matters;"

Engrossed Substitute House Bill No. 2459 is the state supplemental operating budget for the 2003-2005 Biennium. I have vetoed several provisions as described below:

Sections 103(2); 103(3); 103(4); 103(6); and 103(7), Page 3, Various Studies (Joint Legislative Audit and Review Committee (JLARC))
With the exception of Section 103(7), which applies to a bill that did not pass, the subsections I have vetoed would have added funding for specific fiscal year 2005 studies. While these studies may have merit, it is more appropriate for JLARC to fund these new priorities with existing resources. I have left intact two JLARC studies, one on state wildfire suppression and the other on alternative learning experience programs, that relate to audit issues.

Section 111, Page 11, Lines 21-22, Primary Election (Secretary of State)
Implementation of the new primary system will increase local government costs at a time when many have had to make significant cuts to services due to ongoing revenue shortfalls. This veto restores $6.038 million General Fund-State to the Secretary of State's Office to help defray one-time county costs associated with implementing this new system. Because this appropriation will lapse on June 30, 2004, county auditors will need to file expense claims with the Secretary of State's Office by June 15, 2004.

Section 203, Page 47, Lines 26-27, Cost Assumption for Juvenile Institutions Beds (Department of Social and Health Services (DSHS) – Juvenile Rehabilitation Administration)

Savings assumed in the 2003-2005 enacted budget were too large due to a technical error in the way they were calculated. This would have caused a shortfall of $1.1 million in fiscal year 2005, which would have resulted in overcrowding and reductions in treatment programs. Therefore, I have vetoed the change to the 2005 fiscal year appropriation to restore $2,213,000 in the Juvenile Rehabilitation program. DSHS will be directed to place $1,076,000 of these funds into unallotted status and use the balance of the funds, $1,056,000 to maintain these essential youth services.

Section 204(2)(d), Page 53, State Hospital Inpatient Assumptions (Department of Social and Health Services (DSHS) – Mental Health Program)

This proviso would have prohibited DSHS from reducing the number of inpatient psychiatric hospital beds below existing levels of 642 at Western State Hospital and 191 at Eastern State Hospital. The minimum level of hospital beds specified in the proviso for Western State Hospital exceeds the current level of inpatient psychiatric hospital beds by 95. Thus, this proviso would have directed the DSHS to increase the number of psychiatric hospital beds without additional funding. Adding inpatient beds without additional funding would have resulted in a significant budget shortfall, or would have come at the expense of community placements. DSHS will not change the number of existing inpatient hospital beds until the Joint Task Force on Mental Health, provided for in section 714 of this act, makes recommendations. In addition, I concur with the language in section 204(2)(d) that would have ensured community placements from the adaptive living skills program may only occur if DSHS provides sufficient resources to the communities in which patients are placed.

Section 513(18), Page 160, Study of Title II Funding (Superintendent of Public Instruction)

Current estimates for federal Title II funds from the No Child Left Behind Act indicate that the amount assumed in the supplemental budget as passed is too high. There also is a concern that federal Title II funds may not be used for the $50,000 JLARC study required in the supplemental budget. I have vetoed this subsection in order to retain the $87.9 million federal appropriation in the current budget, to and eliminate the mandate for a study.

Section 601(3), Page 167, Enrollment Band Intent Language (Higher Education)

This item would have stated the intent of the Legislature that the higher education institutions manage enrollment within two percent of budgeted levels. Because every four-year institution, and the two-year system as a whole, is already over-enrolled, this language would have required institutions to reduce their current enrollment levels. While high over-enrollment imposes some costs to the state through financial aid, for example, this is the wrong time to reduce access in our higher education system.

Section 603(12), Page 174, Bothell Campus Study (University of Washington)
This subsection would have required the University of Washington branch campus in Bothell to issue a plan to the Legislature detailing how the institution would phase in lower division courses. Elements of the plan would include enrollment growth estimates, appropriate state funding levels, fiscal costs, etc. The recently enacted Substitute House Bill No. 2707 directs all branch campuses to examine their service delivery options – from partnerships with community and technical colleges, to adding lower division courses and becoming four-year universities. This statewide approach in Substitute House Bill No. 2707 is superior because it does not presuppose a correct answer to the question of which institutional structure best fits state needs. Further, it will examine every campus, which may help to identify other branches equally well suited to deliver lower division courses.

Section 604(9), Page 177, Vancouver Campus Study (Washington State University)
This subsection would have required the Washington State University branch campus in Vancouver to issue a plan similar to the one required in section 603(12). I have vetoed this subsection for the same reasons set forth above.

Section 609(3)(a), Page 183, High-Demand Enrollment (Higher Education Coordinating Board (HECB))
This item would have allowed private institutions to compete for these enriched FTEs. Despite the over-enrollment in public four-year institutions, funding is the limiting factor for high-demand degree production, not physical capacity. Siphoning some of this limited funding to private schools would exacerbate this problem. We should think carefully about how to utilize the capacity that private schools provide, but not rush to judgment by opening this extremely successful program to private institutions.

Section 610(11), Page 189, Lines 7-13, Promise Scholarship Eligibility (Higher Education Coordinating Board (HECB))
This section would have changed the eligibility requirements for the Promise Scholarship program. This program was designed to reward achievement in high school, but its ability to function as a meaningful reward would have been compromised if eligibility standards changed. Predictability for students, parents, and counselors is critical to the program's success. Changing the income eligibility now, even for just one year, would have set a troubling precedent.

Section 717, Page 201, Allotment Reductions to Travel, Equipment, and Contracts
In the 2003-05 enacted budget, I vetoed a similar across-the-board reduction because it presented reductions on top of programmatic cuts that had already been taken. My objections remain. Also, the calculation of this reduction was based on actual spending during the prior fiscal year, which creates inequities in the way the reductions are applied. The Department of Corrections, for example, previously incurred a major one-time expense for a data system, but that funding is no longer in the budget and should not be the basis for a new cut. The Office of the Superintendent of Public Instruction would have had to absorb the object cut while absorbing unfunded new programs that the Legislature created for professional conduct investigations. This section would have cut

higher education by $2.7 million – more than ten percent of the increase provided in the supplemental budget – reducing the final budget to less than half of what I originally proposed in my 2004 supplemental budget, and eroding the increase in student enrollments. For these reasons, I have vetoed this section.

Section 802, Page 207, Lines 10-14, Transfer to the General Fund (State Treasurer)
I have vetoed this transfer of $500,000 from the Gambling Revolving Fund to the General Fund to enable the Gambling Commission to resume its contribution to the Council on Problem Gambling. Although the Gambling Revolving Fund is nonappropriated, it is my expectation that the Gambling Commission will follow through on the intent to provide additional funding to address the critical issue of problem gambling.

Section 906, Page 211-213, Promise Scholarship Eligibility
Consistent with the intent of section 610(11), this item would have amended the statute governing the Promise Scholarship program. I have vetoed it for the same reasons set forth in my veto of that section.

For these reasons, I have vetoed appropriation items and sections 103(2); 103(3); 103(4); 103(6); 103(7); 111, lines 21-22; 203, lines 26-27; 204(2)(d); 513(18); 601(3); 603(12); 604(9); 609(3)(a); 610(11), lines 7-13; 717; 802, page 207, lines 10-14; and 906, of Engrossed Substitute House Bill No. 2459.

With the exception of appropriation items and sections 103(2);103(3); 103(4); 103(6); 103(7); 111, lines 21-22; 203, lines 26-27; 204(2)(d); 513(18); 601(3); 603(12); 604(9); 609(3)(a); 610(11), lines 7-13; 717; 802, page 207, lines 10-14; and 906, Engrossed Substitute House Bill No. 2459 is approved.

Respectfully submitted,

Gary Locke
Governor