



May 21, 2019

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 as to Sections 103(2); 127(13); 129(37); 129(43); 129(73); 131(12); 131(13); 144(3); 144(5); 147, page 67, lines 3-8; 203(1)(m); 203(1)(v); 203(1)(x); 204(30); 204(34); 205(1)(d)(ii); 212(6); 222(1)(a); 222(3)(c); 302(10); 302(30); 306(4); 308(22); 309(15); 401(3); 601(9); 613(3); 723; 1005, page 464, lines 11-13; 1020; 1118(3), page 649, lines 12-13; 1118(4), page 656, lines 16-17; and 1702, page 801, lines 28-30, Engrossed Substitute House Bill No. 1109 entitled:

“AN ACT Relating to fiscal matters.”

Section 103(2), page 3, Joint Legislative Audit and Review Committee, Study

This section provides \$19,000 from the Performance Audits of Government Account solely for implementation of Engrossed Third Substitute House Bill 1324. This funding was provided for an earlier version of the bill that required JLARC to complete a study. The final bill does not require a JLARC study. For this reason, I have vetoed Section 103(2).

Section 129(43), page 36, Department of Commerce, Biorefinery Feasibility Study

This section provides \$300,000 General Fund–State to contract with the University of Washington for a feasibility study to construct a biorefinery in southwest Washington. This section duplicates funding provided to the University of Washington in Section 606(1)(nn) for this same purpose. For this reason, I have vetoed Section 129(43).

Section 129(73), page 44, Department of Commerce, Engrossed Substitute Senate Bill 5600, Residential Tenants

This section states that the appropriations for the Department of Commerce include sufficient funding for implementation of Engrossed Substitute Senate Bill 5600 (ESSB 5600). ESSB 5600 is null and void if specific funding is not provided in the capital or operating appropriations bills. Funding was provided in Section 1065 of Substitute House Bill 1102 (the 2019-21 capital budget) specifically for implementation of ESSB 5600, which satisfies the null and void clause in the bill. For this reason, I have vetoed Section 129(73).

Section 131(12), pages 48-49, Office of Financial Management, Facilities Data Reporting

The Office of Financial Management’s (OFM) current lease tracking database, the Facilities Portfolio Management Tool (FPMT), does not have the capacity to provide all of the fund source

data required by Section 131(12). Funding for modifications to FPMT provided in Section 131(11) will enable OFM to meet the data collection requirements of Section 131(12) by June 2021 without requiring 68 agencies with 1,108 leases to do burdensome manual data extraction and input. For this reason, I have vetoed Section 131(12).

Section 131(13), page 49, Office of Financial Management, Higher Education Accounting Standards

This section requires the Office of Financial Management to create appropriation standards and procedures to allow institutions of higher education to report additional revenue, spending and allotment information to the state's accounting system. This section relates to Section 601(9), which prohibits General Fund transfers to reimburse major expenses, such as employee payroll. This prohibition would cause a significant state accounting challenge. Because this would create a significant workload for the OFM Statewide Accounting office, and no funding was provided to perform these activities, I have vetoed Section 131(13).

Section 203(1)(m), page 91, Department of Social and Health Services – Developmental Disabilities Program, Reports on Community Transitions from Residential Habilitation Centers

This section directs the Department of Social and Health Services – Developmental Disabilities Program to report to the governor and the Legislature on the feasibility of adding enhanced service facilities to Medicaid waivers and specific barriers to doing so and to make policy recommendations to improve community placements for residents who wish to transition from residential habilitation centers. Much of this information was already addressed in a report submitted to the Legislature by the Ruckelshaus work group last December. In addition, no funding was provided to perform these activities. Because of these reasons, I have vetoed Section 203(1)(m).

Section 203(1)(v), page 93, Department of Social and Health Services – Developmental Disabilities Program, Reports on Services for Clients and Families in Rural Areas

This section directs the Department of Social and Health Services – Developmental Disabilities Program to report to the Legislature on policies to maximize service delivery and increase client flexibility to self-direct service in rural areas. Because no funding was provided to perform these activities, I have vetoed Section 203(1)(v).

Section 204(30), page 107, Department of Social and Health Services – Aging and Adult Services Program, Work Group on Pediatric Skilled Nursing Facilities

This section directs the Department of Social and Health Services – Aging and Adult Services Program to form a work group and report to the governor and the Legislature on policies to allow a pediatric skilled nursing facility to temporarily admit medically fragile children with complex medical conditions. Because no funding was provided to perform these activities, I have vetoed Section 204(30).

Section 205(1)(d)(ii), page 110, Department of Social and Health Services – Economic Services Administration, Working Connections Child Care Quality Control

This section requires the Department of Social and Health Services (DSHS) – Economic Services Administration to ensure quality control measures for the Working Connections Child Care (WCCC) program within existing appropriations. This directive conflicts with House Bill 2816

(Chapter 52, Laws of 2018) that transfers all powers, duties, and functions of the WCCC program from DSHS to the Department of Children, Youth, and Families (DCYF), effective July 1, 2019. To support the transition of the WCCC program, I have vetoed this section and am directing DCYF to conduct quality control activities for the WCCC program within existing appropriations. Quality control measures must focus on the WCCC eligibility criteria, including but not limited to, participation in work or other approved activities, household composition, and the maximum number of subsidized child care hours authorized. I am also directing DSHS to ensure DCYF has access to the information technology systems necessary to perform WCCC quality control activities. For these reasons, I have vetoed Section 205(1)(d)(ii).

Section 212(6), page 138, Health Care Authority, Public Employees Benefits Board, Report on Benefit Options

This section requires, but does not fund, another report on Medicare-eligible retiree medical coverage. The Health Care Authority has already completed an essentially identical study. My budget proposal included \$1.5 million to move forward in providing an additional insurance option for these retirees. Another study would be duplicative and delay a solution to increasingly expensive health insurance for retirees. I am directing the Health Care Authority, working with the Public Employees Benefits Board, to continue development of one or more retiree benefit choices that may be less expensive and better leverage federal funding. For these reasons, I have vetoed Section 212 (6).

Section 601(9), page 317, Institutions of Higher Education, Accounting Standards and Reporting

This section requires institutions of higher education to report to the state accounting system in accordance with new standards and procedures created under Section 131(13) and prohibits the institutions from using standard accounting practices to transfer funding from the General Fund to other accounts, beginning July 1, 2020. No funding was provided for the Office of Financial Management to develop new accounting standards for higher education institutions under Section 131(13). Additionally, the prohibition on General Fund transfers is limited to these institutions and would not allow the General Fund to reimburse major expenditures, such as employee payroll. For these reasons, I have vetoed Section 601(9).

Section 613(3), page 346, Student Achievement Council, State Need Grant Awards

This section ties State Need Grant award amounts for private four-year not-for-profit institutions to the average grant award for public research universities, estimated to be \$10,606 per FTE student in the 2019-20 academic year. This proviso conflicts with Engrossed Second Substitute House Bill 2158 (E2SHB 2158), Section 21(5)(b), that sets grant awards at \$9,739 per FTE student in the 2019-20 academic year and allows the amount to increase by a tuition growth factor each year thereafter. As a substantive bill, the setting of the grant awards in E2SHB 2158 should prevail. For this reason, I have vetoed Section 613(3).

Section 723, pages 370-371, Office of Financial Management, Agency Efficiencies

This section requires indiscriminate reductions in agency budgets. These spending reductions do not reflect any real savings or efficiencies. They are simply arbitrary budget cuts, which hinder the ability of agencies to perform the responsibilities with which the Legislature has tasked them and to fulfill their missions to serve Washingtonians. For this reason, I have vetoed Section 723.

Section 1005, page 464, lines 11-13, Office of the Governor, Economic Development Strategic Reserve Account-State Appropriation

This section reduces the Economic Development Strategic Reserve Account appropriation by \$2.0 million in the 2019 supplemental budget. This reduction limits the state's ability to issue grants for key economic investments specifically for recruiting and retaining businesses. Furthermore, the state would be required to rescind several grant awards that have already been announced if this reduction were to occur. For these reasons, I have vetoed Section 1005, page 464, lines 11-13.

Section 1020, pages 507-509, Consolidated Technical Services, Proviso Exceeds Appropriation

Section 1020 amends two existing proviso amounts to match the total appropriation without regard to a third proviso that must also be covered by the total appropriation. The changes to these two provisos result in these three provisos having appropriations greater than the total amount appropriated from the account. For this reason, I have vetoed Section 1020.

Section 1118(3), page 649, lines 12-13, Department of Children, Youth and Families, Children and Families Services Program, General Fund-State Appropriation

The 2019 supplemental appropriation from the General Fund-State for the Children and Families Services Program was reduced by \$1,126,000. Additional spending authority may be necessary to cover rising costs due to parent and child visits and central service expenditures. I have vetoed this reduction to maintain the original spending authority. I am directing the Office of Financial Management to retain the entire \$1,126,000 in unallotted status and that the additional authority only be used if necessary to close fiscal year 2019, with approval from the director of the Office of Financial Management. For this reason, I have vetoed Section 1118(3), page 649, lines 12-13.

Section 1118(4), page 656, lines 16-17, Department of Children, Youth and Families, Early Learning Program, General Fund-State Appropriation

The 2019 supplemental appropriation from the General Fund-State for the Early Learning Program was reduced by \$1,481,000. Additional spending authority may be necessary to cover rising costs due to parent and child visits and central service expenditures. I have vetoed this reduction to maintain the original spending authority. I am directing the Office of Financial Management to retain the entire \$1,481,000 in unallotted status and that the additional authority only be used if necessary to close fiscal year 2019, with approval from the director of the Office of Financial Management. For this reason, I have vetoed Section 1118(4), page 656, lines 16-17.

Section 1702, page 801, lines 28 through 30, Treasurer's Transfers, State Toxics Control Account to State General Fund

This section transfers \$38,000,000 from the State Toxics Control Account to the State General Fund by the end of fiscal year 2019. When combined with appropriations specified in the 2019-21 operating budget, this transfer contributes to a projected negative balance in the new Model Toxics Control Operating Account created in Engrossed Substitute Senate Bill 5993. As a result, we would not be able to ensure a positive balance in the new account. For this reason, I have vetoed Section 1702, lines 28-30.

Section 302(30), page 222, Department of Ecology; Section 306(4), page 227, State Conservation Commission; Section 308(22), page 238, Department of Natural Resources; and Section 309(15), page 243, Department of Agriculture

These four sections provided appropriations to implement Second Substitute House Bill 1579 (2SHB 1579) Section 13 (Chinook Abundance). Previously, I vetoed Section 13 of 2SHB 1579; therefore, the funding to implement this work is no longer necessary. As a result, I have vetoed Sections 302(30), 306(4), 308(22), and 309(15) to reflect my partial veto of 2SHB 1579.

I have vetoed the following sections related to bills that did not pass the Legislature resulting in the lapse of funding. My veto of these sections will serve to clean up these unnecessary sections of the bill.

Section 127(13), page 23, Office of the Attorney General, E2SSB 5740, Retirement Savings Program

Section 129(37), page 34, Department of Commerce, E2SHB 1110, Greenhouse Gas/Transportation Fuels.

Section 144(3), page 62, Utilities and Transportation Commission, ESHB 1332, Energy Site Evaluation Council.

Section 144(5), page 62, Utilities and Transportation Commission, HB1841, Crew Size on Certain Trains.

Section 147, page 67, lines 3-8, Board for Volunteer Firefighters, EHB 1912, Pension Benefits and Contributions.

Section 203(1)(x), page 93, Department of Social and Health Services Developmental Disabilities Program, SHB 1023, Adult Family Homes/8 beds.

Section 204(34), page 107, Department of Social and Health Services Aging and Adult Services Program, SHB 1023, Adult Family Homes/8 beds.

Section 222(1)(a), page 185, Department of Corrections, SSB 5876, DOC Gender Trauma Work Group.

Section 222(3)(c), page 189, Department of Corrections, E2SSB 5291, Confinement Alternatives/Children.

Section 302(10), page 219, Department of Ecology, ESSB 5323, Plastic Bags.

Section 401(3), page 245, Department of Licensing, ESB 5616, Manicuring for Diabetics

For these reasons I have vetoed Sections 103(2); 127(13); 129(37); 129(43); 129(73); 131(12); 131(13); 144(3); 144(5); 147, page 67, lines 3-8; 203(1)(m); 203(1)(v); 203(1)(x); 204(30); 204(34); 205(1)(d)(ii); 212(6); 222(1)(a); 222(3)(c); 302(10); 302(30); 306(4); 308(22); 309(15); 401(3); 601(9); 613(3); 723; 1005, page 464, lines 11-13; 1020; 1118(3), page 649, lines 12-13; 1118(4), page 656, lines 16-17; and 1702, page 801, lines 28-30 of Engrossed Substitute House Bill No. 1109.

With the exception of Sections 103(2); 127(13); 129(37); 129(43); 129(73); 131(12); 131(13); 144(3); 144(5); 147, page 67, lines 3-8; 203(1)(m); 203(1)(v); 203(1)(x); 204(30); 204(34); 205(1)(d)(ii); 212(6); 222(1)(a); 222(3)(c); 302(10); 302(30); 306(4); 308(22); 309(15); 401(3); 601(9); 613(3); 723; 1005, page 464, lines 11-13; 1020; 1118(3), page 649, lines 12-13; 1118(4), page 656, lines 16-17; and 1702, page 801, lines 28-30, Engrossed Substitute House Bill No. 1109 is approved.

Respectfully submitted,



Jay Inslee
Governor