

OFFICE OF THE  
ATTORNEY GENERAL



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Rob McKenna

## ATTORNEY GENERAL OF WASHINGTON

1125 Washington Street SE • PO Box 40100 • Olympia WA 98504-0100

September 22, 2011

Marty Brown  
Director, Office of Financial Management  
PO Box 43113  
Olympia, WA 98504-3113

Dear Mr. Brown:

In consideration of the current economic climate, the Office of the Attorney General (AGO) currently has just four supplemental budget requests. Our FY2012 Supplemental Budget requests consist of:

- The mandatory General Fund-State reduction;
- A technical correction to our enacted budget;
- The remainder of *T.R. v. Dreyfus* litigation; and
- The remainder of the *Moore* litigation.

The *T.R. v. Dreyfus* case within the Department of Social and Health Services (DSHS) is a class action lawsuit seeking to enforce the rights of Washington's Medicaid eligible children under the age of 21 with mental health needs. Both DSHS Payments to Other Agencies and the AGO have requested this be fully funded in 2011-13 for the next phase of the case.

The *Moore, et al. v. Health Care Authority* case is a class action lawsuit brought by plaintiffs claiming the state failed to provide statutorily mandated health benefits to non-full-time employees who worked at least half-time over certain periods of time. This case has multi-million dollar potential liability, involving more than 30 state agencies.

As information only, we have not requested funding at this time for the DSHS and the Federal Department of Labor (Solis) litigation. On September 9, 2011, the Ninth Circuit Court of Appeals reversed and remanded this case. We will continue to closely monitor the remaining partially funded complex litigation cases, just as we will continue to evaluate all our cases and strive to address critical agency needs.

ATTORNEY GENERAL OF WASHINGTON

Mary Brown  
September 22, 2011  
Page 2

The AGO is committed to continuing to provide high caliber legal services for our clients and the citizens of the state of Washington, while working within the constraints of the current economic challenges.

We have taken every possible step to limit and reduce costs within the AGO and will continue to balance costs within our legal services to reduce impacts to the state. I take pride in the accomplishments of the AGO and am pleased with the recoveries we have pursued and won in the courtroom for the consumers of the state and for the state's budget.

If you have any questions about this budget request, please contact Janelle Guthrie, Deputy Chief of Staff, at (360)-586-0725.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink that reads "Rob McKenna". The signature is written in a cursive, flowing style.

ROB MCKENNA  
Attorney General

Enclosure

cc: Janelle Guthrie, Deputy Chief of Staff, Attorney General's Office  
Peter Antolin, Senior Budget Analyst, Office of Financial Management  
Steve Jones, Counsel, Senate Ways & Means  
Wendy Polzin, Fiscal Analyst, House Ways & Means

OFFICE OF THE ATTORNEY GENERAL  
2012 Supplemental Budget  
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TAB A

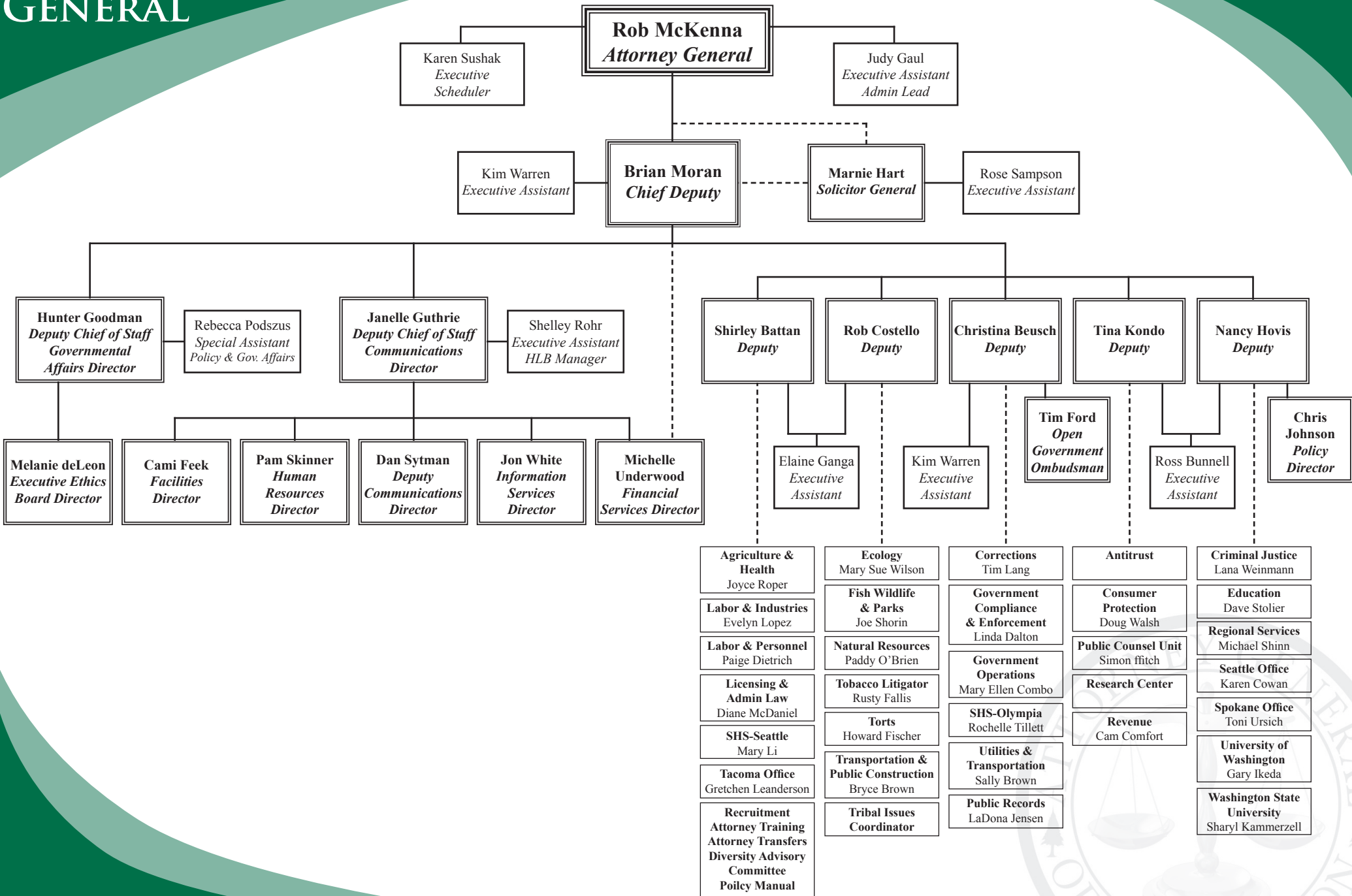
OVERVIEW



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# OFFICE OF THE ATTORNEY GENERAL



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TAB B

RECOMMENDATION  
SUMMARY



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**Recommendation Summary**

**Agency: 100 Office of Attorney General**

1:53:48PM

9/22/2011

Dollars in Thousands

	<b>Annual Average FTEs</b>	<b>General Fund State</b>	<b>Other Funds</b>	<b>Total Funds</b>
<b>2011-13 Current Biennium Total</b>				
<b>Total Carry Forward Level</b>				
Percent Change from Current Biennium				
<b>Carry Forward plus Workload Changes</b>				
Percent Change from Current Biennium				
M2 CB MFCU GFS Restoration		1,460		1,460
M2 CC T.R. v Dreyfus DSHS Litigation	2.5		578	578
M2 CD Moore et. al. v HCA Litigation	1.9		886	886
<b>Total Maintenance Level</b>	<b>4.4</b>	<b>1,460</b>	<b>1,464</b>	<b>2,924</b>
Percent Change from Current Biennium				
PL CA GFS Reduction Mandated by OFM		(803)		(803)
<b>Subtotal - Performance Level Changes</b>	<b>0.0</b>	<b>(803)</b>		<b>(803)</b>
<b>2011-13 Total Proposed Budget</b>	<b>4.4</b>	<b>657</b>	<b>1,464</b>	<b>2,121</b>
Percent Change from Current Biennium				

### Recommendation Summary

Agency: 100

1:53:48PM

9/22/2011

Dollars in Thousands

Annual Average FTEs	General Fund State	Other Funds	Total Funds
------------------------	-----------------------	-------------	-------------

**M2 CB MFCU GFS Restoration**

The Office of the Attorney General (AGO) requests restoration of \$730,000 in Fiscal Year (FY) 2012 and \$730,000 in FY2013 to restore General Fund-State (GFS) matching funds to the AGO Medicaid Fraud Control Unit (MFCU) that were eliminated . GFS funding was removed during the 2011 legislative session in anticipation of a bill passing that ultimately failed.

**M2 CC T.R. v Dreyfus DSHS Litigation**

The Office of the Attorney General (AGO) requests \$578,000 and 2.5 FTEs in the 2011-2013 biennium to provide additional legal services to the Department of Social and Health Services (DSHS) associated with the Children's Mental Health Litigation (T.R. v Dreyfus).

**M2 CD Moore et. al. v HCA Litigation**

The Office of the Attorney General (AGO) requests \$886,000 and 3.7 FTEs in Fiscal Year (FY) 2013 to fund continuing legal services related to a major class action lawsuit against the Health Care Authority (HCA) entitled Moore, et al. v. Health Care Authority. Due to the addition of a new claim by Plaintiffs and certain adverse rulings by the trial court, the potential liability to the State of Washington in an adverse judgment has increased and could exceed \$150,000,000.

**PL CA GFS Reduction Mandated by OFM**

The Office of the Attorney General (AGO) submits a reduction of (\$803,000) in General Fund-State (GFS) funding in the 2011-13 biennium as directed by the Governor and the Office of Financial Management (OFM) in the August 9th, 2011 "Instructions for 2012 Supplemental Budget Submittals and Related General-Fund Reduction Options".

## Recommendation Summary at Program Level

- Not Applicable -

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TAB C

DECISION  
PACKAGES



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State of Washington  
Decision Package

FINAL

**Agency:** 100 Office of Attorney General  
**Decision Package Code/Title:** CB MFCU GFS Restoration  
**Budget Period:** 2011-13  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

The Office of the Attorney General (AGO) requests restoration of \$730,000 in Fiscal Year (FY) 2012 and \$730,000 in FY2013 to restore General Fund-State (GFS) matching funds to the AGO Medicaid Fraud Control Unit (MFCU) that were eliminated . GFS funding was removed during the 2011 legislative session in anticipation of a bill passing that ultimately failed.

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State	730,000	730,000	1,460,000
<b>Total Cost</b>	<b>730,000</b>	<b>730,000</b>	<b>1,460,000</b>

**Package Description:**

This request is for \$730,000 in FY2012 and \$730,000 in FY2013 to restore AGO MFCU GFS spending authority necessary as GFS match for our MFCU federal grant. An MFCU is required for the receipt of federal dollars for the Medicaid Program.

This correction is necessary due to some assumptions built into Engrosses Substitute Senate Bill (ESSB) - 5960, which expired without hearing. SB-5960 would have created a new GFS account - the Medicaid Fraud Penalty Account (MFPA) - which assumed existing GFS funds would move into it. This in turn would have eliminated the need for the AGO existing base GFS dollars as they would have been replaced by MFPA GFS funds, dollar for dollar. Given time constraints, the enacted budget for the AGO was impacted when ESSB-5960 did not pass the legislature, and GFS funding was not restored in the AGO enacted budget to compensate for the failed bill.

MFCU is a federally mandated and funded investigative and prosecutorial unit staffed by attorneys, auditors, investigators, and support personnel. The mission of the unit is to investigate and prosecute fraud by health care providers that illegally divert Medicaid funds, and prosecution for criminal abuse and negligence of residents in Medicaid funded facilities. MFCU provides valuable assistance to local law enforcement in investigating and prosecuting crimes committed against vulnerable adults. The MFCU trains cadets at the Basic Law Enforcement Academy, other investigative agencies, and helps to coordinate the efforts of local vulnerable adult task forces whose missions are to improve the response to crimes committed against this population. MFCU maintains and updates a statewide vulnerable adult contact network with all state law enforcement agencies. This contact network assures that Department of Social and Health Services resident abuse referrals go to the appropriate law enforcement agency, that each agency understands its role, and it offers AGO/MFCU support for each investigation.

The AGO subject matter expert for this request is Sarian Scott, and she can be reached at (360) 586-2104.

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

MFCU will be able to sustain their current staffing and operations in the manner that has resulted in significant monetary recoveries. The objective of the MFCU is to identify and prosecute health care providers, and private citizens, who deceptively file claims for Medicaid for personal gain.

The expected impact of this request is for the needy and elderly to have funding resources available, and for misappropriation of these resources to be minimized. It will also allow the Health Care Authority to systematically manage the Medicaid program with efficiency and effectiveness within the constraints of their current budget.

### **Performance Measure Detail**

Activity: <b>A009</b>	<b>Investigation and Prosecution of Medicaid Fraud and Resident Abuse</b>	Incremental Changes	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	<b>Outcome Measures</b>		
000027	PM009/MFCU - Recoveries. The amount of money ordered recovered each fiscal year as a result of the work performed by the Medicaid Fraud Control Unit of the AGO.	\$0.00	\$0.00

### ***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

This budget request implements goal 4-2 of the AGO Strategic Plan: "Develop a statewide strategy to protect vulnerable adults and children and reduce domestic violence."

### ***Does this decision package provide essential support to one of the Governor's priorities?***

Yes, this request supports several of the Governor's Priorities of Government.

IMPROVE THE SECURITY OF WASHINGTON'S VULNERABLE CHILDREN AND ADULTS: A sub-goal of Increase Immediate Safety is to Respond to Abuse and Neglect allegations.

IMPROVE THE SAFETY OF PEOPLE AND PROPERTY: A sub-goal of prevention is to mitigate risk.

STRENGTHEN GOVERNMENT'S ABILITY TO ACHIEVE RESULTS EFFICIENTLY AND EFFECTIVELY: Safeguard and manage public funds.

### ***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

Yes. Restoring the GFS base funding for the AGO MFCU unit will allow us to sustain the oversight of the state Medicaid program, and in the enforcement of abusers.

In the Governor's Purchases Plan Priority for "strengthening government's ability to achieve results efficiently and effectively," Legal Services to State Agencies is ranked #4 out of 248 categories.

### ***What are the other important connections or impacts related to this proposal?***

There were 1,299 referrals received and investigated or reviewed for investigation in the 2007-09 biennium.

There were 1,719 referrals received and investigated or reviewed for investigation in the 2009-11 biennium.

***What alternatives were explored by the agency, and why was this alternative chosen?***

There is no option or alternative to this request. The federal grant assumes there is GFS match. Without match, we are not entitled to the GFF funds.

***What are the consequences of not funding this package?***

The AGO will be forced to reduce or eliminate MFCU activities, and to return most of the grant we have already received from the federal government. This will impact workload in investigating and recovering Medicaid fraud dollars. A MFCU is required for the receipt of federal dollars for the Medicaid Program.

***What is the relationship, if any, to the state's capital budget?***

None.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

No changes to existing statutes, rules or contracts would be required to implement this change.

***Expenditure and revenue calculations and assumptions***

See attachments:

'ML-CB MFCU GFS Restoration Attachment 1.pdf' for a memo from the Legislature to the AGO dated 06-03-2011.

'ML-CB MFCU GFS Restoration Attachment 2.pdf' for a memo from the AGO to the Legislature dated 06-17-2011.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

This request is related to an annual federal grant for Medicaid enforcement actions. The grant is expected to continue in future biennia.

This is not a one-time cost.

<b><u>Object Detail</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
E Goods And Services	730,000	730,000	1,460,000

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## Washington State Legislature

RECEIVED  
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2011 JUN 10 A 9:19  
ATTORNEY GENERAL  
OF  
WASHINGTON

The Honorable Rob McKenna, Washington State Attorney General  
Doug Porter, Director, Health Care Authority  
Marty Brown, Director, Office of Financial Management

June 3, 2011

Dear Gentlemen:

The 2011-13 biennial operating budget that passed the legislature on May 25 assumed passage of Engrossed Substitute Senate Bill (ESSB) 5960 (Medicaid fraud). That bill would have created a new account called the Medicaid Fraud Prevention Account (MFPA) to fund Medicaid fraud enforcement activities and Medicaid services. In assuming that legislation, the budget appropriated funding from the new MFPA (rather than the state general fund) for the Attorney General's Office (AGO) and the Health Care Authority's (HCA) Medicaid fraud enforcement and program integrity activities. The budget also appropriated funding from the MFPA to enhance HCA's efforts to promote program integrity. Unfortunately, ESSB 5960 was not enacted, the MFPA was not created, and the AGO and HCA were left without state appropriations to fund these essential activities.

The legislature did not intend to eliminate base funding for Medicaid fraud enforcement activities, and we are committed to working with you to find temporary solutions until the legislature can restore the necessary state appropriations. It is the intent of the legislature for the agencies to continue performing these activities at the level anticipated in your FY 2012 maintenance level base. Additionally, in HCA's case, the legislature intends that program integrity work be increased by 10 FTEs (\$449,000 GF-S) in FY 2012. By this letter, we are committing to address this issue in the next session either through additional state appropriations, or through passage of similar Medicaid fraud legislation, or some combination of these options.

Until that time, and consistent with our legislative intent expressed in this letter, we strongly encourage you to continue these programs through available means until the legislature can provide the required state appropriations. One available approach is to continue funding these programs with General Fund-State funds under the expectation that the legislature will increase the appropriations before the current general fund appropriations are depleted. If this is the approach chosen, please work with OFM to construct your agency allotments in a manner consistent with these assumptions, and we request that OFM consider this unusual situation in approving those allotments.

The AGO has a few more options due to the availability of the Legal Services Revolving Account (LSRA). The AGO could charge Medicaid fraud enforcement expenses to the LSRA and the 2012 supplemental budget could appropriate General Fund-State funds directly into the LSRA. Alternatively, the AGO could charge these expenses to the LSRA and then journal voucher those expenses back to the state general fund after the 2012 supplemental budget provides additional General-Fund State appropriations.

Please do not hesitate to contact us or Ways & Means staff in the House (Dave Johnson at 786-7154) or Senate (Bryon Moore at 786-7726) if we can be of assistance in this process.

Sincerely,



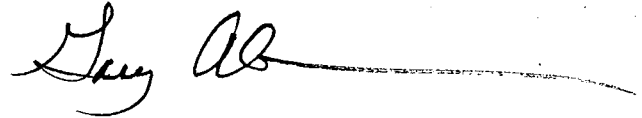
Senator Ed Murray  
Chair, Senate Ways & Means



Senator Joseph Zarelli  
Ranking Minority Member, Senate Ways & Means



Representative Ross Hunter  
Chair, House Ways & Means



Representative Gary Alexander  
Ranking Minority Member, House Ways & Means

cc: Brian Moran, Attorney General's Office  
Stan Marshburn, Office of Financial Management  
Thuy Hua-Ly, Health Care Authority  
Charlie Gavigan, Office of Program Research  
Dave Johnson, Office of Program Research  
Erik Cornellier, Office of Program Research  
Bryon Moore, Senate Committee Services  
David Schumacher, Senate Committee Services  
Tim Yowell, Senate Committee Services  
Yona Makowski, House Democratic Caucus  
Jack Archer, House Republican Caucus  
Claire Hesselholt, Senate Democratic Caucus  
Ryan Moore, Senate Republican Caucus





Rob McKenna

## ATTORNEY GENERAL OF WASHINGTON

1125 Washington Street SE • PO Box 40100 • Olympia WA 98504-0100

June 17, 2011

The Honorable Ed Murray  
Washington State Senator  
Chair, Senate Ways & Means  
PO Box 40443  
Olympia, WA 98504-0443

The Honorable Joseph Zarelli  
Washington State Senator  
Ranking Minority Member, Senate Ways & Means  
PO Box 40418  
Olympia, WA 98504-0418

The Honorable Ross Hunter  
Washington State Representative  
Chair, House Ways & Means  
PO Box 40600  
Olympia, WA 98504-0600

The Honorable Gary Alexander  
Washington State Representative  
Ranking Minority Member, House Ways & Means  
PO Box 40600  
Olympia, WA 98504-0600

### **Re: Medicaid Fraud Control Unit Funding**

Dear Senators Murray and Zarelli and Representatives Hunter and Alexander:

Thank you for your June 3, 2011 letter outlining your commitment to restoring funding to our Medicaid Fraud Control Unit (MFCU). The unfortunate turn of events that led to our "state match" funding being omitted in the 2011-13 budget poses a dilemma for my office about how to fund this program until the error can be rectified. We are committed to resolving this problem in the short-term and assisting you with a longer term solution in the supplemental budget process.

In your letter, you outline two approaches that you believe will solve the problem until the supplemental budget session arrives. The first would require us to spend our 2011 General Fund-State (GF-S) dollars at an accelerated rate and fund the MFCU program with currently appropriated GF-S funds. In practical terms, this would mean we would spend our fiscal year 2011 GF-S appropriation in ten months instead of twelve. As my Chief Deputy pointed out to House Ways and Means staff, we believe, given uncertainties in both the budget and the legislative process, that this could expose our other GF-S programs (e.g. our Criminal Justice and Consumer Protection Divisions) to an unacceptably high risk of being similarly short of funding near the end of the next fiscal year.



ATTORNEY GENERAL OF WASHINGTON

June 17, 2011

Page 2

The second alternative, using the Legal Services Revolving Fund (LSRF) appropriation to bridge the funding gap, while not ideal, appears to be our only recourse. I will advise my budget staff to proceed in this manner, and trust that we will have a sufficient LSRF balance for this short-term, one-time solution. I will also ask that my staff be available to you and your staff in advance of the coming supplemental budget process to ensure that the MFCU funding is made a priority and is fully restored.

Thank you for your prompt attention to this matter.

Sincerely,



ROB MCKENNA  
Attorney General

RMM/jlg

cc: Brian Moran, Chief Deputy Attorney General  
Dawn Cortez, Assistant Attorney General, Manager, MFCU  
Michelle Underwood, Financial Services Director, Attorney General's Office  
Marty Brown, Director, OFM  
Doug Porter, Director, Health Care Authority  
Stan Marshburn, OFM  
Thuy Hua-Ly, Health Care Authority  
Charlie Gavigan, Office of Program Research  
Dave Johnson, Office of Program Research  
Erik Cornellier, Office of Program Research  
Bryon Moore, Senate Committee Services  
David Schumacher, Senate Committee Services  
Tim Yowell, Senate Committee Services  
Yona Makowski, House Democratic Caucus  
Jack Archer, House Republican Caucus  
Claire Hesselholt, Senate Democratic Caucus  
Ryan Moore, Senate Republican Caucus

State of Washington  
Decision Package

FINAL

**Agency:** 100 Office of Attorney General  
**Decision Package Code/Title:** CC T.R. v Dreyfus DSHS Litigation  
**Budget Period:** 2011-13  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

The Office of the Attorney General (AGO) requests \$578,000 and 2.5 FTEs in the 2011-2013 biennium to provide additional legal services to the Department of Social and Health Services (DSHS) associated with the Children's Mental Health Litigation (T.R. v Dreyfus).

**Fiscal Detail**

Operating Expenditures		<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>		
405-1	Legal Services Revolving Account-State	289,000	289,000	578,000		
<b>Total Cost</b>		<b>289,000</b>	<b>289,000</b>	<b>578,000</b>		
Staffing		<u>FY 2012</u>	<u>FY 2013</u>	<u>Annual Average</u>		
	FTEs	2.5	2.5	2.5		
Revenue						
<u>Fund</u>	<u>Source</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>		
405	Legal Serv Rev Acct	0420	Charges for Services	289,000	289,000	578,000
<b>Total Revenue</b>		<b>289,000</b>	<b>289,000</b>	<b>578,000</b>		

**Package Description:**

The AGO requests a total of \$578,000 and 1.0 Assistant Attorney General (AAG), 1.0 Paralegal (PL), and 0.5 Legal Assistant (LA) in the 2011-13 biennium, which includes \$50,000 for direct litigation costs, to provide proper defense of this lawsuit. Direct litigation costs are attributed for necessary expert witnesses and electronic document processing costs.

This funding is needed, above and beyond that needed to handle the regular volume of the DSHS legal work, in order to properly defend the state in T.R. v. Dreyfus, a class action lawsuit filed in federal court, seeking to "enforce the rights of Washington's Medicaid eligible children under the age of 21 with mental health needs, to receive the intensive home and community-based mental health services necessary to correct or ameliorate their mental health conditions."

The AGO subject matter expert for this request is Sarian Scott, and she can be reached at (360) 586-2104.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

This request is for funding that is critical to the continued defense of this class action lawsuit. The outcome of this case will have major fiscal implications for the state and could create a long-lasting precedent. The AGO will perform essential legal services to defend the state in this lawsuit. The AGO is working to protect the interests of DSHS and the taxpaying citizens of the state.

**Performance Measure Detail**

Activity: **A010**      **Legal Services to State Agencies**

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
<b>Outcome Measures</b>			
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

***Does this decision package provide essential support to one of the Governor's priorities?***

Yes, this request supports the Governor's Priorities of Government under "strengthening government's ability to achieve results efficiently and effectively". Providing legal services to state agencies is an element of "providing data information, and analysis to support decision making".

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

Yes, this funding requirement contributes to state-wide results as it is identified in the Governor's Priorities of Government Purchases Strategies as "legal services to state agencies" under "strengthening government's ability to achieve results efficiently and effectively".

In the Governor's Purchases Plan Priority for "strengthening government's ability to achieve results efficiently and effectively," Legal Services to State Agencies is ranked #4 out of 248 categories.

***What are the other important connections or impacts related to this proposal?***

It is also important to note that this request is for a continuation of ongoing litigation.

***What alternatives were explored by the agency, and why was this alternative chosen?***

Given the potential impact of adverse rulings in this case, there is no reasonable alternative than to vigorously defend the state.

The AGO and DSHS have been engaged for the last year in a mediated effort to develop a settlement agreement that sets forth agreed upon program changes, with a phased in implementation schedule and a plan for how program improvements will be funded. This settlement negotiation process is still underway with a court imposed deadline of 10/31/2011. There are severe limits on what the state can accomplish in the negotiations, as the legal mandates for mental health services to children are imposed in federal Medicaid law, and the constraints in the state budget allow for minimal funding options for program improvements. If a settlement is not reached by 10/31/2011, the case will proceed on a full litigation track.

There is no alternative source of income.

***What are the consequences of not funding this package?***

Failure to adequately fund this lawsuit will result in either an inability to adequately defend the state or an over expenditure of the DSHS legal services budget.

***What is the relationship, if any, to the state's capital budget?***

None

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

No changes to existing statutes, rules or contracts would be required to implement this change.

***Expenditure and revenue calculations and assumptions***

\$50,000 in direct litigation costs is needed for the necessary expert witnesses and electronic document processing costs. These staffing levels and direct litigation costs are necessary for the proper defense of the lawsuit.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

It is expected that this litigation will be substantially completed in the 2011-13 biennium, but it is not possible to predict how the litigation may be protracted by changes in the trial scheduling, appeals, monitored settlements, or other factors.

DSHS supports this budget request and has a mirror request in its budget submittal. For reference the DSHS Payments to Other Agencies decision package code is ML-NE Children's Mental Health Litigation.

<b><u>Object Detail</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
A Salaries And Wages	151,158	151,158	302,316
B Employee Benefits	38,124	38,124	76,248
C Personal Service Contracts	25,000	25,000	50,000
E Goods And Services	57,093	69,593	126,686
G Travel	1,950	1,950	3,900
J Capital Outlays	15,675	3,175	18,850
<b>Total Objects</b>	<b>289,000</b>	<b>289,000</b>	<b>578,000</b>

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State of Washington  
Decision Package

FINAL

**Agency:** 100 Office of Attorney General  
**Decision Package Code/Title:** CD Moore et. al. v HCA Litigation  
**Budget Period:** 2011-13  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

The Office of the Attorney General (AGO) requests \$886,000 and 3.7 FTEs in Fiscal Year (FY) 2013 to fund continuing legal services related to a major class action lawsuit against the Health Care Authority (HCA) entitled Moore, et al. v. Health Care Authority. Due to the addition of a new claim by Plaintiffs and certain adverse rulings by the trial court, the potential liability to the State of Washington in an adverse judgment has increased and could exceed \$150,000,000.

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
405-1 Legal Services Revolving Account-State			886,000	886,000
<b>Total Cost</b>			<b>886,000</b>	<b>886,000</b>
<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Annual Average</u></b>
FTEs		.0	3.7	1.9
<b>Revenue</b>				
<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
405 Legal Serv Rev Acct	0420 Charges for Services		886,000	886,000
<b>Total Revenue</b>			<b>886,000</b>	<b>886,000</b>

**Package Description:**

The AGO requests \$886,000 and 1.5 Assistant Attorney General (AAG), 1.3 Paralegal (PL), and 0.9 Legal Assistant (LA) in FY2013, which includes \$450,000 in direct litigation costs for continuing legal services related to a major class action lawsuit against the HCA entitled Moore, et al. v. Health Care Authority.

This case was filed in July 2006. Plaintiffs claim the State failed to provide statutorily mandated health benefits to non-full-time employees who worked at least half-time over certain periods of time.

The first three years of the case were spent responding to plaintiffs' massive discovery requests and litigating the issue of class certification for damages, as well as the State's liability on the breach of statute claim. As a result, large costs were incurred for data production and analysis of numerous payroll systems and other data related to the liability phase of the case. Through the 2009-11 biennium, legal services, document production and other direct litigation costs have totalled \$3,873,743.

The trial court in a series of rulings in 2007 through the end of 2009 certified the class for liability purposes, found the State liable for failing to provide the required health care benefits and concluded a three year statute of limitations applied to plaintiffs' claims. The Court of Appeals rejected the State's attempt to appeal the ruling on the certification issue.

In 2010, plaintiffs were permitted, over the State's objection, to amend their complaint to add a breach of written contract claim. This was done in an effort to obtain a longer six year statute of limitations. The court ruled that if plaintiffs succeed in certifying this claim, a six year limitations period (stretching back to June 2000) will apply. This ruling significantly increased the State's potential exposure in this matter.

The parties are expected to litigate the following issues in FY2012 and 2013: 1) Whether the breach of statute claim should be certified for damages; 2) The measure of damages for that claim; 3) Whether the breach of contract claim should be certified for liability and damages; 4) The measure of damages for that claim; and 5) Whether the double damages statute applies in this case. The certification and measure of damages issues are critical and the State needs to bring all available resources to bear to establish that certification of a damages class in this matter (under either claim) is not warranted nor appropriate under the applicable legal authority. If the trial court rules against the State on these issues, trial will likely be held in FY2013.

Based on all of this, \$886,000 is intended to provide for 3.7 FTE as well as and including \$450,000 for direct litigation costs for expert services associated with the case. With respect to direct litigation costs, we will continue to need the services of a forensic accountant specializing in damages issues, a statistician, a database consultant regarding the massive payroll and human resources records and outside counsel with unique expertise in class action law.

Although the HCA is the primary named defendant because of its role as the administrator of benefits for state employees, plaintiffs' claims focus on the practice of over 30 state agencies as employers. The HCA's budget for all legal services is inadequate to support the costs of this lawsuit.

The desired result of this request is to reach a cost-effective resolution to this case and to avoid further litigation. With possible repercussions totalling approximately \$150 million, the funding of an effective litigation team in 2011-13 is imperative to reduce expense in the future.

The AGO subject matter expert for this request is Sarian Scott, and she can be reached at (360) 586-2104.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

This request is for funding that is critical to the continued defense of this major labor dispute. The outcome of this case will have major fiscal implications for the state.

The AGO will perform essential legal services to prevail in this matter. The AGO is working to protect HCA, 30 other effected state agencies, and the taxpaying citizens of the state to exposure to liability of this lawsuit.

**Performance Measure Detail**

**Activity: A010      Legal Services to State Agencies**

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
	<b>Outcome Measures</b>		
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

*Does this decision package provide essential support to one of the Governor's priorities?*

Yes, this request supports the Governor's Priorities of Government under "strengthening government's ability to achieve results



efficiently and effectively". Providing legal services to state agencies is an element of "providing data information, and analysis to support decision making".

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

Yes, this funding requirement contributes to state-wide results as it is identified in the Governor's Priorities of Government Purchases Strategies as "legal services to state agencies" under "strengthening government's ability to achieve results efficiently and effectively".

In the Governor's Purchases Plan Priority for "strengthening government's ability to achieve results efficiently and effectively," Legal Services to State Agencies is ranked #4 out of 248 categories.

***What are the other important connections or impacts related to this proposal?***

This legal matter affects multiple state agencies and institutions, some 30 in number. These stakeholders include but are not limited to HCA, all state institutions of higher education including the University of Washington and Washington State University, as well as other state agencies that utilize non-full-time employees (e.g., The Department of Social and Health Services, Washington State Department of Transportation, Department of Natural Resources, etc.).

Defense of this case has broad stakeholder participation and approval.

***What alternatives were explored by the agency, and why was this alternative chosen?***

Early resolution of the case was attempted but was unsuccessful. The case must be defended vigorously because of the trial court's adverse rulings to date, and the large potential damages that might be awarded. There are no viable alternatives to defending the case.

There are no statutory, regulatory, or other changes or negotiation possibilities that would reduce the costs of this legal defense.

There is no alternative source of income.

***What are the consequences of not funding this package?***

If not funded, the State may not be able to defend this critical case in the manner the State's potential exposure of approximately \$150 million requires.

***What is the relationship, if any, to the state's capital budget?***

None

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

No changes to existing statutes, rules or contracts would be required to implement this change.

***Expenditure and revenue calculations and assumptions***

\$450,000 in direct litigation costs is necessary for data and damage analysis, expert testimony, and the assistance of outside counsel with special expertise in class actions.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

Costs are expected to be one-time until the case is finally resolved through court action or settlement.

It is possible that the case can be concluded by the end of FY2013, but complications or appeals could delay the final resolution.

HCA supports this budget request and has a request in its budget submittal.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
A Salaries And Wages		243,894	243,894
B Employee Benefits		68,290	68,290
C Personal Service Contracts		450,000	450,000
E Goods And Services		102,516	102,516
G Travel		10,200	10,200
J Capital Outlays		11,100	11,100
<b>Total Objects</b>		<b>886,000</b>	<b>886,000</b>

**Agency:** 100 Office of Attorney General  
**Decision Package Code/Title:** CA GFS Reduction Mandated by OFM  
**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Office of the Attorney General (AGO) submits a reduction of (\$803,000) in General Fund-State (GFS) funding in the 2011-13 biennium as directed by the Governor and the Office of Financial Management (OFM) in the August 9th, 2011 "Instructions for 2012 Supplemental Budget Submittals and Related General-Fund Reduction Options".

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State	(401,000)	(402,000)	(803,000)
<b>Total Cost</b>	<b>(401,000)</b>	<b>(402,000)</b>	<b>(803,000)</b>

**Package Description:**

The AGO is submitting a reduction of (\$803,000) of GFS funding in the 2011-13 biennium as directed by OFM.

The AGO will make prioritized reductions in multiple GFS programs to meet this 10 percent GFS reduction. Detail on each programmatic reduction follows.

Name of Program or Service Being Reduced: Consumer Protection (CP)

Description of Reduction: This reduction requires that CP must meet its core responsibilities without filling and abolishing vacancies that occur after January 2012, which will pare down CP's litigation priorities to the minimum necessary to maintain credible regulation of unfair and deceptive practices in the marketplace. CP will reduce or eliminate some managerial and administrative functions, staff support for legislative proposals, outreach to disadvantaged populations and selected current litigation priorities (including de-prioritizing contractor enforcement and further stretching essential services in the area of distressed homeowners). CP would lose significant capacity to respond to spikes in workload resulting in longer wait times for responses and increased use of "form" responses.

Dollar Amount of GFS Reduction: FY2012: (\$261,000) FY2013: (\$262,000)

Description of Client Impact and/or Effect on Service Outcomes: CP is directly appropriated and we do not bill our legal services to client agencies. The impact in reducing this program is borne by the citizens of the State of Washington. We will bring fewer legal actions against potential violators of the state's CP laws and be less able to support legislative improvements to or expansions of those laws. Our ability to be proactive in affecting consumer fraud prevention and in reaching citizens with questions about possible illegal business activity will be lessened, and response times to inquiries by those who proactively communicate with our office will be reduced or delayed.

Name of Program or Service Being Reduced: Homicide Investigation Tracking System (HITS) Program.

Description of Reduction: The statutory mandate of the AGO's HITS program work is to support law enforcement in bringing criminals to justice. Prior reductions were achieved by reductions in staffing levels and reducing our information technology (IT) work that supports the HITS database. This database is the only statewide central repository for information relating to violent crimes against persons and contains data from more than 10,200 murder investigations, more than 8,400 sexual assaults, more than 72,500 other crimes, and is used in responding to over 1,000 requests for assistance or information each year. We have targeted much of this reduction by reducing the number of law enforcement trainings provided and reducing travel to assist law enforcement agencies in homicide investigations.

Dollar Amount of GFS Reduction: FY2012: (\$50,000) FY2013: (\$50,000)

Description of Client Impact and/or Effect on Service Outcomes: HITS is directly appropriated, and we do not bill our legal services to client agencies. The impact in reducing this program will result in our inability to provide anything more than maintenance-level work on the current HITS database. Technology upgrades and other improvements to the system will have to wait until the budget situation improves, and GFS money can be directed towards increased IT staffing for work on the data base. Current and previous budget reductions resulted in the loss of three (3.0) Investigator positions and one (1.0) Data Compiler position in the last two (2) years which has resulted in serious crime data not being collected and entered into the HITS system in a timely manner, if at all, thereby negatively impacting the "linkage" and solving of crimes.

Name of Program or Service Being Reduced: Criminal Litigation (CRI)

Description of Reduction: The primary function of our unit is to provide trial assistance to local prosecutors. CRI assures that where the county prosecutor has a conflict of interest or needs specialized expertise, there is a highly-skilled prosecutor to represent the state, resulting in greater public protection. This unit also assures that crimes of fraud involving state agencies are properly investigated and prosecuted so that state agencies and other victims can recover their losses, and other crimes are deterred. The following three cases are typical of the cases prosecuted by this unit: (1) State v. Michael Hecht (Pierce County): Pierce County Judge convicted of Patronizing a Prostitute and Felony Harassment; (2) State v. Martin Jones (Pacific County): Defendant was convicted of shooting a Washington State Trooper in the head; and (3) State v. Dennis McCarthy (Kitsap County): A former police officer is charged with Attempted Murder 1, Assault 1, Assault 2 and 10 counts of Violation of a No-Contact Order. McCarthy is accused of pointing a gun at his girlfriend and threatening her, and then shoving her out of a window and causing serious injury. Reductions will severely limit the number of cases that we will be able to accept for prosecution.

Dollar Amount of GFS Reduction: FY2012: (\$90,000) FY2013: (\$90,000)

Description of Client Impact and/or Effect on Service Outcomes: Reductions will severely limit the number of cases that we will be able to accept for prosecution.

The AGO subject matter expert for this request is Sarian Scott, and she can be reached at (360) 586-2104.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

The AGO will face increased challenges in sustaining GFS activities for CRI, CP, and HITS legal services.

**Performance Measure Detail**

Activity: **A003 Criminal Investigation and Prosecution**

Incremental Changes

**FY 2012**

**FY 2013**

**Output Measures**

000008	PM0003/CRI - This is a count of the number of requests for assistance and referrals to the unit from outside the AGO. The primary function of our unit is to provide trial and consulting assistance to local prosecutors.	0.00	0.00
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Activity: **A005**      **Enforcement of Consumer Protection Laws**

	<b>Incremental Changes</b>
	<b><u>FY 2012</u></b> <b><u>FY 2013</u></b>

**Output Measures**

000014	PM0005/CPR- Recoveries. Consumer Protection mission is to provide a fair and non-deceptive marketplace through vigorous civil law enforcement. We promote general deterrence and compliance with the CPA by obtaining and collecting monetary judgments.	\$0.00	\$0.00
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Activity: **A007**      **Homicide Investigation Tracking System**

	<b>Incremental Changes</b>
	<b><u>FY 2012</u></b> <b><u>FY 2013</u></b>

**Outcome Measures**

000021	PM0007/HITS - Access Requests. Our HITS team fields requests for information from our HITS database. We support Law Enforcement Agencies (LEAs) in the State of Washington upon request only and their access to the HITS database.	0.00	0.00
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*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

NA - Governor directed reduction.

*Does this decision package provide essential support to one of the Governor's priorities?*

NA - Governor directed reduction.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

NA - Governor directed reduction.

*What are the other important connections or impacts related to this proposal?*

CP: CP is directly appropriated and we do not bill our legal services to client agencies. The impact in reducing this program is borne by the citizens of the State of Washington. We will bring fewer legal actions against potential violators of the state's CP laws and be less able to support legislative improvements to or expansions of those laws. Our ability to be proactive in affecting consumer fraud prevention and reaching citizens with questions about possible illegal business activity will be lessened, and response times to inquiries by those who proactively communicate with our office will be reduced or delayed.

HITS: HITS is directly appropriated, and we do not bill our legal services to client agencies. The impact in reducing this program will be our inability to provide anything more than maintenance-level work on the current HITS database. Technology upgrades and other improvements to the system will have to wait until the budget situation improves, and GFS money can be directed towards increased IT staffing for work on the data base. The loss of three (3.0) Investigator positions and one (1.0) Data Compiler position in the last two (2) years, resulting from the current and previous budget reductions, means that serious crime data is not collected and entered into the HITS system in a timely manner, if at all, thereby negatively impacting the "linkage" and solving of crimes. Also limited is our ability to lend expertise in directly assisting law enforcement agencies with homicide investigations and providing valuable training to their officers.

CRI: Reductions will severely limit the number of cases that we will be able to accept for prosecution.

*What alternatives were explored by the agency, and why was this alternative chosen?*

We reviewed available options for making cuts in our GFS appropriation, including eliminating entire programs to meet the reduction target, and determined that not filling and abolishing selected vacancies was the most appropriate route for meeting the budget reduction requested by the Governor.

***What are the consequences of not funding this package?***

Not reducing GFS funding will allow the AGO to sustain our ability to provide services to the consumers of the State of Washington and to law enforcement which depends on the HITS database.

***What is the relationship, if any, to the state's capital budget?***

None.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

None.

***Expenditure and revenue calculations and assumptions***

See attachment "PL-CA GFS Reduction Mandated by OFM, Attachment 1.pdf".

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

It is unknown whether these imposed cost reductions are one-time or ongoing. Carrying these reductions forward into future biennia will result in on-going reductions in services to the citizens of the state:

CP: CP is directly appropriated and we do not bill our legal services to client agencies. The impact in reducing this program is borne by the citizens of the State of Washington. We will bring fewer legal actions against potential violators of the state's CP laws and be less able to support legislative improvements to or expansions of those laws. Our ability to be proactive in affecting consumer fraud prevention and in reaching citizens with questions about possible illegal business activity will be lessened, and response times to inquiries by those who proactively communicate with our office will be reduced or delayed.

HITS: HITS is directly appropriated, and we do not bill our legal services to client agencies. The impact in reducing this program will result in our inability to provide anything more than maintenance-level work on the current HITS database. Technology upgrades and other improvements to the system will have to wait until the budget situation improves, and GFS money can be directed towards increased IT staffing for work on the data base. Current and previous budget reductions resulted in the loss of three (3.0) Investigator positions and one (1.0) Data Compiler position in the last two (2) years which has resulted in serious crime data not being collected and entered into the HITS system in a timely manner, if at all, thereby negatively impacting the "linkage" and solving of crimes.

CRI: Reductions will severely limit the number of cases that we will be able to accept for prosecution.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
E Goods And Services	(401,000)	(402,000)	(803,000)



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

*Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555*

August 8, 2011

**TO:** Agency Directors

**FROM:** Marty Brown  
Director

**SUBJECT: INSTRUCTIONS FOR 2012 SUPPLEMENTAL BUDGET SUBMITTALS AND  
RELATED GENERAL FUND-STATE REDUCTION OPTIONS**

In June, the state reduced its General Fund-State (GF-S) revenue forecast for the current biennium to reflect concerns about the national economy, high gasoline prices, and supply chain disruptions from Japan. Although the forecast continues to indicate improvement this biennium, the near-term economic outlook has weakened since June. Given economic conditions, as well as the uncertain impact on states of pending federal budget reductions, there is a distinct possibility we will face further revenue losses in the coming year. Therefore, the Governor is asking agencies to prepare for possible cutbacks by submitting 5 percent first-priority reductions and a second 5 percent for a total of 10 percent in GF-S reduction options as part of their 2012 supplemental budget requests.

I recognize this is a daunting task, especially considering how little time has passed since enactment of the current 2011-13 budget. Although challenging, we are not starting this analysis from scratch. Agencies should revisit the essential services assessments that were compiled last year, as well as the budget reductions included in the Governor's 2011-13 budget proposal but not enacted by the Legislature. Of course, we also need to consider new or additional policy choices and structural or business process changes that allow us to further improve our efficiencies and reduce our GF-S expenditures.

When developing reduction options, it is imperative to think in terms of service outcomes, not just dollar amounts. We continue to seek a smaller and more efficient state government that focuses on the highest priority services.

The 5 and 10 percent targets as shown on the attachment are based on each agency's biennial appropriations from the General Fund, with exceptions for basic education, statewide pensions, and debt service. We will be closely monitoring economic conditions and revenue collections over the next several months, and will revise this target if warranted. Please assume a January 2012 start date for any reductions that cannot be started immediately.

**Submittal Instructions for the 2012 Supplemental Budget**

Supplemental budget requests are due to OFM by September 22. Only the following types of budget revisions should be submitted:

- GF-S reduction options equal to 5 and 10 percent of an agency's GF-S appropriations. (See attachment.)
- Non-discretionary changes in legally-mandated caseload or workload.
- Necessary technical corrections to the currently enacted budget.

Page 2 of 2

- Any additional federal or private/local funding expected to be received for the remainder of the biennium. Unless that funding has already been approved as part of the original legislative budget, or as an unanticipated receipt (for spending prior to March 2012), it needs to be made part of the supplemental budget request using expenditure authority types 2, 7, or 8 as appropriate. The unanticipated receipt process is suspended during the legislative session.

Proposed **operating** supplemental budget revisions, including GF-S reduction options, should be submitted to OFM electronically through the Budget Development System (BDS). Justification narrative follows the decision package format described in Chapter 4 of OFM's 2011-13 Budget Instructions found at [http://www.ofm.wa.gov/budget/instructions/operating/2011\\_13/chapter4.pdf](http://www.ofm.wa.gov/budget/instructions/operating/2011_13/chapter4.pdf).

Narrative descriptions for any revisions should be as detailed as possible. If new costs are requested, please make sure that the justification fully explains why those additions cannot be absorbed within the agency's existing budget. Also describe the implications to program outcomes and client services, revenues (including fees), legislation, and federal rules, as well as any barriers that might complicate achievement of a reduction. Clearly identify any changes that require new legislation.

Some agencies have statutory authority to set program fees at a level sufficient to cover the costs of administering that program. Under Initiative 960 (RCW 43.135.055), such statutes do not authorize agencies to increase fees without prior and specific legislative approval. Agencies with legislative mandates for fee-supported programs, or other requests for new or revised fees, must document the specific fees by using the *OFM Request for New or Increased Fees* form found at <http://www.ofm.wa.gov/budget/forms.asp>.

Because agency budget requests are distributed to OFM and legislative staff, we require submittal of six paper copies for most agencies, seven copies for transportation agencies (nine copies for WSDOT), and eight copies for higher education agencies. The copies must include the Recommendation Summary Report from BDS, narrative decision package justification, a summarized revenue report from BDS for agencies submitting revenue changes, and the *Request for New or Increased Fees* form, if applicable.

Any **capital budget** revisions should be submitted to OFM using the Capital Budget System (CBS). The justification must follow the format in Chapter 2.3 of OFM's 2011-21 Capital Budget Instructions found at <http://www.ofm.wa.gov/budget/instructions/capinst/11-21capinstr/11-21capinstr.pdf>. Please send seven copies (nine copies for higher education agencies) for distribution to OFM and legislative staff.

Proposals for the 2012 supplemental capital budget should be limited to technical corrections, emergency issues, or return of project savings. Because of the potential impact of any state GF-S revenue losses on projects supported by general obligation bonds, OFM may ask some agencies for more information on reappropriation needs, cash disbursement schedules, or project options.

Send the specified number of supplemental operating or capital budget requests by September 22 to:

Andrea Duane  
Office of Financial Management  
300 Insurance Building  
P.O. Box 43113  
Olympia, WA 98504-3113

Thank you for your continued good work in these difficult times. If you have any questions, please contact your assigned OFM budget analyst.

Attachment

cc: Agency Budget Officers



### General Fund- State Reduction Targets for 2012 Supplemental Budget Requests

Dollars in Thousands

	<u>2011-13</u> <u>Appropriations</u>	<u>5 Percent</u> <u>Reduction Target</u>	<u>10 Percent</u> <u>Reduction Target</u>
House of Representatives	60,367	(3,018)	(6,037)
Senate	45,640	(2,282)	(4,564)
Joint Legislative Audit and Review Committee	5,421	(271)	(542)
LEAP	4,220	(211)	(422)
Office of the State Actuary	48	(2)	(5)
Joint Legislative Systems Committee	15,927	(796)	(1,593)
Statute Law Committee	8,940	(447)	(894)
Redistricting Commission	1,781	(89)	(178)
Supreme Court	13,443	(672)	(1,344)
Law Library	2,938	(147)	(294)
Court of Appeals	30,507	(1,525)	(3,051)
Commission on Judicial Conduct	2,048	(102)	(205)
Administrative Office of the Courts	100,793	(5,040)	(10,079)
Office of Public Defense	49,993	(2,500)	(4,999)
Office of Civil Legal Aid	22,086	(1,104)	(2,209)
Office of the Governor	10,605	(530)	(1,061)
Office of Lieutenant Governor	1,385	(69)	(139)
Public Disclosure Commission	4,237	(212)	(424)
Office of the Secretary of State	30,845	(1,542)	(3,085)
Governor's Office of Indian Affairs	526	(26)	(53)
Commission on Asian Pacific American Affairs	451	(23)	(45)
Citizens' Cmsn. on Salaries for Elected Officials	353	(18)	(35)
<b>Office of Attorney General</b>	<b>8,025</b>	<b>(401)</b>	<b>(803)</b>
Caseload Forecast Council	2,613	(131)	(261)
Department of Commerce	129,750	(6,488)	(12,975)
Economic and Revenue Forecast Council	1,402	(70)	(140)
Office of Financial Management	37,135	(1,857)	(3,714)
Commission on Hispanic Affairs	496	(25)	(50)
Commission on African-American Affairs	477	(24)	(48)
Innovate Washington	6,010	(301)	(601)
Department of Revenue	208,612	(10,431)	(20,861)
Board of Tax Appeals	2,460	(123)	(246)
Consolidated Technology Services	7	( )	(1)
Department of Enterprise Services	8,099	(405)	(810)
Military Department	16,011	(801)	(1,601)
Public Employment Relations Commission	4,749	(237)	(475)

	<b>2011-13</b>	<b>5 Percent</b>	<b>10 Percent</b>
	<b>Appropriations</b>	<b>Reduction Target</b>	<b>Reduction Target</b>
Washington State Health Care Authority	4,455,409	(222,770)	(445,541)
Human Rights Commission	4,482	(224)	(448)
Criminal Justice Training Commission	30,305	(1,515)	(3,031)
Department of Labor and Industries	38,084	(1,904)	(3,808)
Department of Social and Health Services	5,730,775	(286,539)	(573,078)
Department of Health	160,547	(8,027)	(16,055)
Department of Veterans Affairs	16,261	(813)	(1,626)
Department of Corrections	1,635,488	(81,774)	(163,549)
Department of Services for the Blind	4,542	(227)	(454)
Employment Security Department	69	(3)	(7)
Columbia River Gorge Commission	364	(18)	(36)
Department of Ecology	96,791	(4,840)	(9,679)
State Parks and Recreation Commission	17,334	(867)	(1,733)
Recreation and Conservation Funding Board	1,925	(96)	(193)
Environmental and Land Use Hearings Office	4,841	(242)	(484)
State Conservation Commission	13,583	(679)	(1,358)
Department of Fish and Wildlife	69,387	(3,469)	(6,939)
Puget Sound Partnership	5,065	(253)	(507)
Department of Natural Resources	68,913	(3,446)	(6,891)
Department of Agriculture	31,100	(1,555)	(3,110)
Washington State Patrol	75,499	(3,775)	(7,550)
Department of Licensing	2,773	(139)	(277)
Superintendent of Public Instruction	13,732,987	(48,650)	(97,300)
Council for Higher Education	997	(50)	(100)
Higher Education Coordinating Board	218,980	(10,949)	(21,898)
University of Washington	407,994	(20,400)	(40,799)
Washington State University	270,301	(13,515)	(27,030)
Eastern Washington University	52,870	(2,644)	(5,287)
Central Washington University	45,065	(2,253)	(4,507)
The Evergreen State College	30,894	(1,545)	(3,089)
Western Washington University	67,363	(3,368)	(6,736)
Office of Student Financial Assistance	247,932	(12,397)	(24,793)
Community and Technical Colleges	1,059,353	(52,968)	(105,935)
School For The Blind	11,526	(576)	(1,153)
Center for Childhood Deafness and Hearing Loss	16,900	(845)	(1,690)
Work Force Training/Education Coordinating Brd.	2,770	(139)	(277)
Department of Early Learning	55,127	(2,756)	(5,513)
		(838,150)	(1,676,301)

TAB D

REVENUES



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## State of Washington

### Summarized Revenue by Account and Source

Budget Period: 2011-13  
 Dollars in thousands  
 100 - Office of Attorney General  
 Agency Level  
 S7 - FY2012 Supplemental Request  
 Supporting Text Included

9/22/2011  
 1:57PM

	Maintenance Level		Performance Level		Biennium Totals		Total
	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	
<b>405 - Legal Serv Rev Acct</b>							
CC - T.R. v Dreyfus DSHS Litigation	289	289					
CD - Moore et. al. v HCA Litigation		886					
Total - 0420 - Charges for Services - S	289	1,175			289	1,175	1,464
<b>405 - Legal Serv Rev Acct - State</b>	<b>289</b>	<b>1,175</b>			<b>289</b>	<b>1,175</b>	<b>1,464</b>
<b>Total - 405 - Legal Serv Rev Acct</b>	<b>289</b>	<b>1,175</b>			<b>289</b>	<b>1,175</b>	<b>1,464</b>
<b>100 - Office of Attorney General - State</b>	<b>289</b>	<b>1,175</b>			<b>289</b>	<b>1,175</b>	<b>1,464</b>
<b>Total - 100 - Office of Attorney General</b>	<b>289</b>	<b>1,175</b>			<b>289</b>	<b>1,175</b>	<b>1,464</b>

**CC - T.R. v Dreyfus DSHS Litigation**

The Office of the Attorney General (AGO) requests \$578,000 and 2.5 FTEs in the 2011-2013 biennium to provide additional legal services to the Department of Social and Health Services (DSHS) associated with the Children's Mental Health Litigation (T.R. v Dreyfus).

**CD - Moore et. al. v HCA Litigation**

The Office of the Attorney General (AGO) requests \$886,000 and 3.7 FTEs in Fiscal Year (FY) 2013 to fund continuing legal services related to a major class action lawsuit against the Health Care Authority (HCA) entitled Moore, et al. v. Health Care Authority. Due to the addition of a new claim by Plaintiffs and certain adverse rulings by the trial court, the potential liability to the State of Washington in an adverse judgment has increased and could exceed \$150,000,000.

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