



PROPOSED FINAL 2017-19 OPERATING BUDGET OVERVIEW

**SENATE WAYS & MEANS COMMITTEE
JUNE 30, 2017**

Introduction

This document is intended to provide a summary of PSSB 5883, which is the proposed compromise budget for the 2017-19 biennium. The proposed compromise covers the 2017 Supplemental and the 2017-19 biennial budget. For detailed materials produced by Senate Committee Services staff beyond the summary documents included are available at <http://leap.leg.wa.gov>.

Summary

The 2017-19 proposed compromise budget, PSSB 5883, provides \$43.7 billion Near General Fund-State and Opportunity Pathways (NGF-P) and \$87.3 billion in all funds. For NGF-P, this represents a net \$5.2 billion increase from 2015-17 spending levels. PSSB 5883 leaves an unrestricted ending balance of \$985 million at the end of the 2017-19 biennium and meets the four-year balanced budget requirements.

Revenue

Forecasted revenue in the NGF-P from the June 2017 forecast is expected to increase by \$2.6 billion from \$39.0 billion in the 2015-17 biennium to \$41.7 billion in the 2017-19 biennium.

The 2017-19 proposed compromise budget assumes additional net revenue increase of \$2.1 billion from three bills: HB 2242 Basic Education Funding (\$1.6 billion increase), HB 2163 Revenue (\$431.8 million increase), and SB 5977 Tax Preferences (\$15.6 million decrease).

The proposed conference budget assumes additional net revenue changes of \$97.6 million from budget driven revenue, transfers and HB 1716 Construction Registration Account. PSSB 5883 also transfers \$254 million from Public Works Assistance Account.

Spending

PSSB 5883 provides \$2.1 billion in net funding above maintenance level as follows:

Major Increases

- \$1.8 billion for K-12 public school (\$7.3 billion four-year). This is an addition to the \$1.4 billion in increased maintenance level costs from continuation of basic education enhancements
- \$618 million for collective bargaining and related compensation costs (\$1.5 billion four-year)
- \$102 million for behavioral health and the investment plan (\$147 million four-year)
- \$75 million for higher education (\$143 million four-year)
- \$73 million for Long-Term Care and Development Disabilities (\$147 million four-year)

Major Savings

- \$1.9 billion related to I-1351 savings (2019-21 only)
- \$463 million from the use of Budget Stabilization Account for pension related costs (\$925M four-year)
- \$292 million from the continuation of the Hospital Safety Net (2019-21 only)
- \$50 million from suspending payments to the Local Public Safety Account (\$100M four-year)

K-12 Public Schools

The 2017-19 biennial operating budget provides \$1.8 billion in additional spending for public schools. Over the 2017-19 and 2019-21 biennia, the projected total increase in K-12 spending is \$7.3 billion. Of this 4-year total, approximately \$6 billion is compensation related with most of the remainder funding enhancements to the categorical programs and funding other K-12 budget items.

Brief Summary of K12 Basic Education Program Allocations and Additional Support Provided in the 2017-19 Biennial Budget						
(NGF-S+OpPath - dollars in thousands)						
Program	Funding Change	FY 2018	FY 2019	FY 2020	FY 2021	4-Year Total
K-12 Salary allocations	Increase minimum salary allocations to: CIS - \$64,000; CLS - \$45,912; Admin - \$95,000. Each staff type is further localized and adjusted for inflation. One-time COLA restored in for SY 2017-18	93,071	1,002,042	1,995,360	2,201,250	5,291,723
Professional Learning Days	Implement 3 professional learning days, phased in over three years, beginning with SY 2018-19	-	26,378	66,013	106,335	198,726
Health Benefit Allocation	Transition all school employees to a SEBB by SY 2019-20. State-funded benefit rate aligned with state PEBB rate	39,858	70,498	164,040	187,612	462,008
Subtotal: Compensation Related Allocations		132,929	1,098,918	2,225,413	2,495,197	5,952,457
General Apportionment: Vocational Education Class Sizes	Class sizes in CTE reduced from 26.58 to 23 students in CTE and from 22.76 to 20 students in Skills Center Programs	33,744	48,277	55,877	59,613	197,511
General Apportionment: Vocational Education MSOC	Increases Skills Center MSOC to align with CTE MSOC	831	1,087	1,152	1,223	4,293
Highly Capable Program	Increases allocation for services for a district's most highly capable students to from 2.314% to 5% of a district's enrollment	10,992	15,591	17,717	18,550	62,850
Learning Assistance Program	Provides a new high poverty-based school building allocation of 1.1 increased hours of instruction	91,886	130,660	149,329	156,027	527,902
Special Education Program	Increases the allocation from a cap of 12.7% to a cap of 13.5% of enrollment	9,439	13,258	15,034	15,740	53,471
Transitional Bilingual Program	Increases middle and high school instruction by 2 hours from 4.778 hours to 6.778 hours	11,004	15,939	18,678	20,124	65,745
Local Effort Assistance	Funding increased to support 1 year levy cliff delay and a new program of equalization that begins in CY 2019.	60,523	104,760	102,168	102,924	370,375
Hold Harmless	Funding provided to guarantee districts receive no less than the funding they would have received under the current law as of January 1, 2017.		5,000	2,000	2,000	9,000
Other increases	Funding is provided to support the BEST program, paraeducator training, support for low achieving schools, and implementation of basic education legislation.	8,984	13,912	13,000	33,945	69,841
Subtotal: Categorical and Other Programmatic Increases		227,403	348,484	374,955	410,146	1,360,988
Total		360,332	1,447,402	2,600,368	2,905,343	7,313,445

Employee Compensation

- \$618 million for employee compensation over 2 years (\$1,209 million over 4 years). This includes adoption of collective bargaining agreements for state employees and individuals that are state employees only for purposes of collective bargaining.

Higher Education

Financial Aid

- \$14.7 million for state match for the Opportunity Scholarship
- \$50 million for the State Need Grant over the 2 years, (\$105 million over 4 years). This maintains current service levels, increases the award amounts for students attending four-year private non-profit schools to the award level of public research schools, and decreases the waiting list by about 875 students annually.
- \$11 million in savings from continuing program suspensions

Institutions

- \$15 million for medical education at WSU and UW
- \$5.3 million for stem cell and spinal cord research at UW
- \$4.2 million in GF-S savings from UW and WSU reducing state-supported tuition waivers for graduate students, excluding veterans
- \$3.5 million for STEM programs at UW and SBCTC (MESA)
- \$4M for student success initiatives at SBCTC and WWU

Mental Health

- \$60 million is provided to cover overspending at the state psychiatric hospitals and to make changes based on an agreement with the Centers for Medicare and Medicaid services in order maintain current levels of federal funding.
- \$26.7 million is provided for community mental health investments including crisis centers, community long-term inpatient beds, and clubhouses.
- \$17.7 million is provided to increase for community placement beds to divert and discharge patients from the state psychiatric hospitals.
- \$11.7 million is provided to increase the Medicaid capitation rates for the Behavioral Health organizations by 2.5 percent.

Long-Term Care (LTC) and Developmental Disabilities Administration (DDA)

- \$126.7 million increase to fund collective-bargaining agreements for home care workers and adult family homes and to provide parity for home care agencies (contingent upon enactment of SB 5969 (collective bargaining) by July 31, 2017)
- \$41.8 million to increase vendor rates for community residential service providers, nurse delegators, and private duty nursing in adult family homes
- \$20.8 million increase for targeted vendor rates, including increases designed to bring certain vendors' employees up to the statewide minimum wage in 2017-19 and to increase certain vendor rates by approximately 4% by FY 2019
- \$21.3 million increase for nursing home rates, including cost-rebasing in FY 2019 and implementation of SB 5715 (nursing home payments)

- \$2.7 million increase to provide employment services to approximately 600 individuals with a developmental disability who are not already receiving services under a Medicaid waiver and will transition out of high school during the 2017-19 biennium
- \$1.5 million increase for the meals-on-wheels program, which will provide nutritious meals for an additional 3,000 older adults each biennium

Health Care

- \$739.6 million over 2 years and \$1.5 billion over 4 years (federal and local funds) for the Medicaid transformation waiver. The waiver's three initiatives fund: (1) incentive-based payments for transformation projects designed to improve health care delivery and lower the cost for the state's Medicaid population; (2) new services and supports for family caregivers that help people stay at home and avoid the need for more intensive services; and (3) supportive housing and supportive employment services for targeted individuals.
- \$40.9 million for Hepatitis C treatment costs for Medicaid clients with less severe liver disease. This funding is in addition to previous funding provided for clients with more severe liver disease.
- \$5.6 million to extend coverage for high risk, non-Medicare individuals through the Washington State Health Insurance Pool through December 2022.
- \$4.9 million for performance payments to Health Home lead organizations serving high-risk, high-cost children and adults who are dually-eligible for Medicare and Medicaid. These payments reward successful beneficiary engagement.

Health Care Savings

- \$84.3 million savings from continued utilization of revenue from taxes from the sale of marijuana under I-502. These funds are used for capitation payments for Medicaid clients enrolled in Medicaid managed care.
- \$40.6 million (\$142.3 million total funds) savings in prescription drug costs assumed through implementation of a single, standard preferred drug list and operating as the single pharmacy benefits manager under the prescription drug purchasing consortium.
- \$22.9 million (\$183.7 million total funds) savings from caseload impacts of initiative 1433 (minimum wage), especially those clients who are near the upper limit of income eligibility.
- \$6.1 million savings achieved through reduced emergency department utilization as a result of managed dental care.

Economic Services Administration

- \$4.0 million increase for a 2.5 percent increase to the cash assistance provided via Temporary Aid for Needy Families (TANF), State Family Assistance, and Refugee Assistance programs

Economic Services Administration Savings

- \$35.1 million in savings to the Working Connections Child Care Program from:
 - extending the exemption from work or related activities for individuals with a child under the age of two in the TANF program;
 - requiring greater clarification on household composition prior to approval;
 - requiring the Department of Early Learning to adopt rules to clarify that clients meeting the 110 hours of approved work or related activities are authorized for a half day of child care, rather than a full day, when the child is in school; and
 - avoidance of overpayments as a result of the new time and attendance system

- \$6.1 million in savings by reducing the lead and supervisory staff to be 20 percent rather than 25 percent of the total workforce that makes financial eligibility determinations for public
- \$3.1 million in savings from anticipated caseload declines in the Diversion Cash Assistance program commensurate with declines experienced, and anticipated in the TANF program

Children's Administration

- \$12.9 million increase for a number of foster care and adoption support investments, including caseworker and foster care licenser FTEs, emergent placement contracts, parent-child visitation services, and modifications to adoption support payments pursuant to ESSB 5890 (foster care/adoption)
- \$10.3 million decrease for one-time vacancy savings in 2017-19

Early Learning

- \$25.1 million increase to expand the Early Childhood Education and Assistance Program (ECEAP) by an additional 1,800 slots, for a total of 13,491 slots by the end of the 2017-19 biennium
- \$12.7 million increase for a six percent slot rate increase for ECEAP providers

Early Learning Savings

- \$7.0 million in savings from reduced spending for the Early Achievers program
- \$7.0 million in savings from correcting for a veto made in the 2016 supplemental budget that resulted in a one-time increase
- \$5.0 million one-time savings from utilizing available federal resources rather than state funds child care investments

Department of Children, Youth, and Families

- \$6.3 million in funding is provided for the administrative costs associated with creating the new Department of Children, Youth, and Families (DCYF). Beginning in Fiscal Year 2019, Children's Administration and the Department of Early Learning will be consolidated into the new DCYF.

Department of Health

- \$15.1 million (in federal and local funding authority) is provided for programs and services designed to improve the lives of individuals living with HIV
- \$12.0 million is provided, as part of the Foundational Public Health Services initiative, to implement strategies that control the spread of communicable disease, chronic disease, and other health threats
- \$3.0 million is provided to test water fixtures in schools across the state for the presence of lead, and to provide screening and case management for children at the highest risk of having elevated levels of lead in their blood
- \$1.1 million (in local funding authority) is provided to add an additional test to the newborn screening panel, which will allow for early diagnosis and intervention of children with X-linked adrenoleukodystrophy

Department of Corrections

- \$7.7 million is provided to treat newly identified patients who require treatment for Hepatitis-C.
- \$3.2 million is provided for the department to hire additional records staff and make IT system improvements in response to the early release issue from 2016.
- \$2.7 million is provided for the departments' work release program, including \$1.2 million for the addition of 20 beds at the Bellingham work release and \$1.4 million to reflect a 7.5% work release vendor rate increase.
- \$2.5 million is provided for the implementation of chapter 335, laws of 2017, which makes a 4th DUI a felony.

Department of Corrections Savings

- \$8.6 million in savings is assumed to reflect a historical underspend at the agency.
- \$5.7 million in savings is assumed to reflect the passage of SSB 5934 (convicted persons). This includes savings resulting from allowing earned time on supervision, making supervision terms concurrent, and maintaining the current drug grid. It also includes costs related to an enhancement for habitual property offenders, a motor vehicle supervision pilot program, an identicard program for releasing offenders, and an increase in seriousness level for sex offenses against children.

Criminal Justice Training Commission

- \$2.6 million for six additional Basic Law Enforcement Academy classes in each fiscal year.
- \$1.2 million to update training for peace officers on the use of less lethal force and to create a leadership development program.

Natural Resources

- \$11.0 million is provided to the Department of Fish and Wildlife to balance the State Wildlife Account and support current operations, including the Fish Program.
- \$10.0 million per biennium of Litter Tax revenue for support of State Parks is continued into the 2017-19 biennium.
- \$4.6 million is provided to the Department of Ecology for implementation of the Clean Air Rule, which establishes caps on the greenhouse gas emissions of certain businesses in Washington, including natural gas distributors, oil refineries, and power plants.
- \$1.6 million of federal funding is authorized for Department of Ecology to increase oversight and safety inspections at Hanford Nuclear Reservation.

Homelessness

- \$8.9 million for housing and homeless services. This includes housing and services for homeless youth and individuals with a history of mental illness.

General Government

- \$107 million from the Disaster Response Account (includes State and Federal funds) for recovery from 12 previously declared disasters, including the 2014 and 2015 wildfires in Central Washington and the Oso landslide.

General Government Savings

- \$13 million in savings from a 6 percent reduction in certain management positions.

- \$10 million in savings from shifting Attorney General's Office spending to funds received from the national Volkswagen consumer protection case settlement.
- \$8.2 million in savings from allocating the costs of the Office of Financial Management's budgeting, accounting, forecasting, and policy divisions across all agencies and transferring Personnel Services from the Department of Enterprise Services to the Office of Financial Management.

Judicial Branch

- \$26 million from the Judicial Information Systems Account is appropriated for judicial information technology projects for court case management systems.
- \$8 million to expand the Parents Representation Program statewide and address caseload increases in dependency filings.
- \$3.7 million for additional civil legal aid services.

2017-19 Omnibus Operating Budget

PSSB 5883 Proposed Final

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
<i>Employee and Bargained Non-Employee Comp</i>			
Rep. and Non-Rep Employees: Salary & Wages	420,213	853,289	629,800
Non-Employee: DD/LTC Service Providers and Parity	126,725	271,795	218,316
Rep. and Non-Rep Employees: Benefit Rate	50,648	125,166	74,324
Non-Employee: Child Care Providers and CC Parity	36,940	37,375	39,788
Other Increases	3,798	7,302	4,414
ORCA Transit Pass	2,750	7,684	2,750
Elected Officials	2,032	2,054	3,064
Non-Employee: Language Access Providers	889	2,146	952
Adjust Compensation Double Count	-25,897	-40,058	-35,588
<i>Employee and Bargained Non-Employee Comp Total</i>	618,098	1,266,753	937,821
<i>K-12 Education</i>			
McCleary Compensation & Other Increases	1,802,623	1,802,623	5,514,025
Mentoring	10,000	10,000	10,000
Other Increases	7,376	9,398	4,563
School Employees' Benefits Board	0	8,000	0
School/Blind: Increased Local Funds	0	2,100	0
McCleary Implementation Schedule	0	0	-324,595
I-1351 (Class Size)	0	0	-1,914,398
Other Savings	-3,231	-3,231	-6,683
Assessment Changes	-12,677	-12,677	-15,164
<i>K-12 Education Total</i>	1,804,091	1,816,213	3,267,748
<i>Higher Education Institutions</i>			
Spokane Medical (WWAMI & WSU)	15,000	15,000	17,909
Other Increases	5,817	11,403	2,209
Regenerative Medicine Institute	4,500	4,500	4,505
Student Success Initiatives	4,000	4,000	4,004
Res. Undergraduate/STEM Enrollment	2,000	2,000	2,002
Expand MESA Sites	1,500	1,500	1,502
I-BEST	1,500	1,500	1,502
Other Savings	120	120	0
Marijuana Research Funds	0	-2,674	0
Maintenance & Operations	-4,190	0	-4,689
Waive Less Tuition	-4,220	0	-4,224
<i>Higher Education Institutions Total</i>	26,027	37,349	24,719
<i>Higher Education Financial Aid</i>			
State Need Grant	49,527	49,527	55,433
Opportunity Scholarship	14,730	14,730	0
Other Increases	22	22	0
Other Savings	-294	-294	-294

2017-19 Omnibus Operating Budget

PSSB 5883 Proposed Final

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
Shift Funding Between Accounts	-3,500	-500	-501
Continue To Suspend Certain Programs	-11,064	-11,064	-11,526
Higher Education Financial Aid Total	49,421	52,421	43,112
Early Learning & Child Care			
ECEAP Rate Increase & Expansion	37,728	37,728	47,954
Other Increases	3,099	4,357	1,613
ECLIPSE Program	2,152	2,152	0
Home Visiting	1,435	1,435	1,488
Procure Time and Attendance System	0	11,424	0
ECEAP Entitlement	0	0	-54,155
Early Achievers Reduction	-7,000	-7,000	-7,013
Time and Attendance System Caseload Cost Avoidance	-8,971	-8,971	-39,109
Other Savings	-13,200	-8,200	-1,657
Child Care Eligibility Savings	-26,172	-26,172	-29,082
Early Learning & Child Care Total	-10,929	6,753	-79,962
Health Care			
Hepatitis C Treatment Costs	49,630	182,076	54,121
Public Health Funding	12,000	12,000	0
State Health Insurance Pool	5,577	18,507	8,170
Cancer Research Endowment	5,000	5,000	0
Health Homes	4,901	4,901	5,592
Other Increases	4,728	20,104	4,104
Lead Exposure	3,000	3,000	0
MICP Rate	1,782	3,436	1,864
Collaborative Care	1,102	4,001	1,389
Private Duty Nursing Rates	560	1,120	595
Provider Credentialing	540	703	1,004
Oral Health Pilot Program	500	1,000	265
Medicaid Transformation Waiver	0	739,618	0
Hospital Safety Net	0	33,372	-292,000
Exchange Related Items	0	9,766	0
HIV Related Increases	0	9,000	0
HIV Program Expansion	0	6,096	0
Other Savings	-5,053	-18,344	-5,306
IMD Federal Waiver	-5,147	0	-10,768
Managed Care Dental	-5,827	-14,635	-15,164
Medicaid Fraud	-9,390	0	0
Prescription Drug Costs	-41,635	-142,287	-60,387
I-502 Marijuana Distributions	-92,721	0	-129,224
Health Care Total	-70,453	878,434	-435,743

2017-19 Omnibus Operating Budget

PSSB 5883 Proposed Final

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	2017-19		2019-21
	NGF-P	Total	NGF-P
Behavioral Health			
State Hospital Funding	71,308	71,308	54,495
Behavioral Health Investment Plan	53,733	91,048	102,244
BHO Medicaid Rates	11,727	37,092	14,333
Children's Mental Health	1,930	2,986	2,050
Other Increases	1,634	4,349	514
Opioid Grant	0	21,664	0
Civil Wards at WSH	0	0	-7,847
BHO Reserve Payback	0	0	-146,000
Other Savings	-17,258	-22,470	-18,339
IMD Federal Waiver	-20,984	0	-43,913
Behavioral Health Total	102,090	205,977	-42,463
Long Term Care & DD			
Supported Living Rate Increase	39,555	79,109	54,042
Targeted Vendor Rate Increase	20,778	43,391	31,440
Nursing Home Direct Care Payments	10,150	20,304	10,561
Other Increases	4,949	8,996	4,154
High School Transition Students	2,701	5,402	5,209
Nutrition Assistance Older Adults	1,500	1,500	1,594
Informal Supports	1,257	2,856	1,337
Medicaid Transformation Waiver Savings	-3,300	-7,500	-33,876
Employment Historical Underspend	-4,694	-4,694	0
Long Term Care & DD Total	72,896	149,364	74,460
Children & Family Services			
Foster Care Placements and Licensing	7,528	9,854	9,577
Shift Funding Between Accounts	7,218	0	7,218
Create New Children, Youth & Families (Net)	5,779	6,645	9,856
Increase Social Worker Staffing	4,807	6,243	7,961
In-Home Services Travel Time	2,460	2,616	2,505
Kinship Care Means Testing	1,622	1,622	6,835
Other Increases	1,321	5,861	2,117
Visitation Services	750	862	764
Other Savings	-11,890	-13,392	-1,668
Children & Family Services Total	19,595	20,311	45,165
Corrections and Other Criminal Justice			
Other Increases	7,251	13,481	4,887
Vendor Rate Increase	2,681	2,681	2,738
Basic Law Enforcement Academy	2,567	3,703	0
Enhanced Sentencing	2,514	2,514	7,164
DOC Offender Record Staffing	1,735	1,735	1,769

2017-19 Omnibus Operating Budget

PSSB 5883 Proposed Final

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	2017-19		2019-21
	NGF-P	Total	NGF-P
Auto Theft Prevention Account Align	1,517	0	0
Hearing Representation	504	504	1,326
Other Savings	-100	-100	-1,044
Shift Funding Between Accounts	-2,000	0	-2,048
Convicted Persons	-5,711	-5,711	-6,562
Historical Underspend	-8,610	-8,610	-8,811
Corrections and Other Criminal Justice Total	2,348	10,197	-582
Other Human Services			
Homelessness	4,780	14,880	4,107
TANF, SFA, RA Grant Increase	4,020	4,084	8,185
Other Increases	2,408	3,276	1,705
Other Savings	-2,796	-3,909	-3,052
FSS Lead Staffing	-6,068	-7,986	-6,178
WorkFirst Savings	-10,474	-5,074	-3,797
WorkFirst Fund Balance	-36,200	-1,203	0
Other Human Services Total	-44,330	4,068	970
Natural Resources			
Other Increases	11,502	23,103	5,070
Fish & Wildlife Op Budget Enhance	11,000	9,125	0
Clean Air Rule	4,567	4,567	4,743
Parks: Increases	0	11,200	0
Fishing Related Items	0	1,259	0
Agreements For Non-Lethal Wolf Mgt	0	300	0
Stormwater Grant Reduction	0	-1,100	0
Shoreline Grant Reduction	0	-1,800	0
Low-Impact Development Training	0	-1,981	0
Flood Plan Grant Reduction	0	-2,000	0
MTCA Staff Level Reduction	0	-5,000	0
Litter Account Reduction	0	-5,500	0
Other Savings	-627	-6,201	409
Shift Funding Between Accounts	-25,400	0	-26,948
Natural Resources Total	1,042	25,972	-16,727
All Other Policy Changes			
Debt Service	47,232	47,232	99,778
Central Services	15,338	29,467	17,091
Revenue Legislation	15,251	19,049	11,769
Other Increases	11,067	65,466	13,748
Judicial: Other Increase	9,282	35,621	10,220
Information Technology Pool	8,226	8,226	0
Lease Pool	8,218	11,936	-1,497

2017-19 Omnibus Operating Budget

PSSB 5883 Proposed Final

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
Judicial: Civil Legal Aid	4,805	4,805	6,436
New Americans	1,208	1,208	1,210
Legislative	1,132	1,457	441
L&I: Increases	100	41,289	0
BSA Funds to Pension Stabilization	0	925,166	0
Disaster Recovery	0	107,085	0
Family & Medical Leave Insurance	0	82,000	0
Disaster Response Account	0	19,000	0
Employment Security: Increases	0	7,053	0
E911 Equipment for Small Counties	0	2,951	0
Economic Development Fund	0	-4,000	0
Thurston County Impact Fee	-811	-811	-1,625
Other Savings	-2,319	-32,223	-2,324
OFM Central Service Charges	-8,198	20,661	-8,148
Replace GF-State with VW Payment	-10,000	0	0
Judicial: Fund Shift	-11,802	0	-11,825
Management Reduction	-13,059	-30,243	-26,689
Shift Funding Between Accounts	-15,710	0	-10,621
L&I: Dedicated Account	-19,128	0	-19,162
I-1433 Minimum Wage (All Progs)	-26,955	-197,139	-73,216
Local Public Safety Account	-50,000	-50,000	-50,000
Pension Funding Stabilization Acct	-462,583	0	-462,583
All Other Policy Changes Total	-498,706	1,115,256	-506,998
Grand Total	2,071,190	5,589,068	3,311,520

Appendix A

**PSSB 5883 Proposed Final
Near GF-S & Opportunity Pathways Account**

(Dollars in Millions)

	2015-17			2017-19			2019-21		
	FY 2016	FY 2017	2015-17	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2019-21
Beginning Balance	1,011	1,403	1,011	781	1,022	781	985	640	985
Current Revenues	18,933	20,109	39,041	20,449	21,228	41,677	22,183	23,181	45,364
June 2017 Revenue Forecast	18,933	20,109	39,041	20,449	21,228	41,677	21,837	22,644	44,482
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	0	0	0	346	537	882
Other Resource Changes	-35	-1,037	-1,073	602	1,416	2,018	1,574	1,710	3,284
GF-S Transfer to BSA (1%)	-186	-198	-383	-208	-222	-430	-231	-241	-471
GF-S Extraordinary Revenue to BSA	0	-925	-925	0	-898	-898	0	0	0
Extraordinary Revenue from BSA to GF-S	0	0	0	0	898	898	0	0	0
Budget Driven Revenue	0	-1	-1	12	30	43	21	22	42
CAFR Adjustments	-18	0	-18	0	0	0	0	0	0
Prior Period Adjustments	67	20	88	20	20	41	20	20	41
HB 2163 (Relating to Revenue)	0	0	0	131	325	456	411	454	864
HB 2242 (Basic Education Funding)	0	0	0	541	1,073	1,614	1,185	1,309	2,494
SB 5977 (Relating to Revenue)	0	0	0	-5	-11	-16	-32	-49	-82
HB 1716 (Construction Registration Account)	0	0	0	-10	-10	-19	-10	-10	-19
HB 1677 (Local Infrastructure Funding)	0	0	0	0	0	0	106	109	214
Fund Transfers	102	66	168	119	210	328	104	96	200
Total Revenues and Resources	19,909	20,474	38,980	21,832	23,666	44,476	24,742	25,531	49,633
Enacted Appropriations	18,627	19,826	38,454	18,627	19,826	38,454	20,060	20,302	40,362
Carryforward Level Adjustments	0	0	0	1,066	-131	935	-132	-132	-264
Maintenance Level Total	0	-106	-106	830	1,418	2,248	2,886	3,544	6,430
Policy Level Total	0	78	78	390	1,681	2,071	1,409	1,902	3,312
McCleary Related Items	0	0	0	361	1,451	1,812	2,292	2,905	5,196
K-12 Education	0	7	7	-2	-7	-8	-8	-8	-17
I-1351 Class Size Initiative	0	0	0	0	0	0	-836	-1,078	-1,914
Higher Education	0	1	1	43	48	91	44	48	93
Early Learning	0	-1	-1	5	20	25	22	22	44
ECEAP Entitlement	0	0	0	0	0	0	0	-54	-54
New Children's Agency	0	0	0	1	5	5	5	5	10
Behavioral Health/Mental Health	0	43	43	50	34	84	-111	28	-83
Dev. Disabilities/Long Term Care	0	2	2	35	55	90	59	52	111
Low Income Health Care	0	19	19	8	-40	-31	-41	-44	-84
Hospital Safety Net Expiration	0	0	0	0	0	0	-146	-146	-292
Utilize I-502 Revenue for Low Income Health Care	0	-18	-18	-39	-54	-93	-61	-68	-129
Corrections/JRA/SCC	0	-2	-2	5	-1	4	0	1	1
Children's/Economic Svcs	0	12	12	-30	-26	-56	-7	-17	-24
Pensions	0	0	0	-231	-231	-463	-231	-231	-463
Debt Service	0	0	0	4	43	47	47	53	100
All Other	0	14	14	-29	-4	-33	-73	-25	-98
Employee Compensation	0	0	0	161	293	454	340	341	681
Provider CBA & Parity	0	0	0	48	95	143	115	119	235
Reversions	-122	-105	-227	-103	-114	-217	-122	-127	-249
Revised Appropriations	18,506	19,693	38,199	20,810	22,680	43,490	24,102	25,490	49,591
Projected Ending Balance	1,403	781	781	1,022	985	985	640	42	42
Budget Stabilization Account									
Beginning Balance	513	550	513	1,638	1,375	1,638	1,158	1,419	1,158
GF-S Transfer to BSA (1%)	186	198	383	208	222	430	231	241	471
GF-S Extraordinary Revenue to BSA	0	925	925	0	898	898	0	0	0
Extraordinary Revenue from BSA to GF-S	0	0	0	0	-898	-898	0	0	0
Appropriations from BSA	-189	-38	-228	-482	-463	-944	0	0	0
Actual Reversions	37	0	37	0	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0	0	0	0	0
Interest Earnings	3	4	7	11	23	34	31	42	73
Budget Stabilization Account Ending Balance	550	1,638	1,638	1,375	1,158	1,158	1,419	1,701	1,701
Total Reserves	1,952	2,419	2,419	2,397	2,143	2,143	2,059	1,743	1,743

Appendix B

Fund Transfers, Revenue Legislation, and Budget Driven Revenues
PSSB 5883 Proposed Final
General Fund-State, Education Legacy Trust, and Opportunity Pathways Accounts
(Dollars in Millions)

	2015-17	2017-19	2019-21
Fund Transfers			
Aerospace Training Student Loan Account		1.500	
Child and Family Reinvestment Account		7.218	
Criminal Justice Treatment Account		8.900	8.400
Death Investigations Account		1.186	
Disaster Response Account	-42.000	42.000	
Family Leave Insurance Account			
Firearms Range Account		-0.075	
New Motor Vehicle Arbitration Account		2.000	
Public Works Assistance Account		254.015	179.979
State Patrol Highway Account		-0.625	
State Treasurer's Service Account		12.000	12.000
Tobacco Settlement Account		2.372	
SubTotal	-39.628	328.119	200.379
Budget Driven Revenue			
Liquor Control Board (Liquor)		-0.544	1.786
Liquor Control Board (Marijuana)	-1.593	2.019	2.140
Lottery	0.153	0.827	0.651
Habitat Conserve		-1.377	-1.668
Marijuana Distribution Changes		18.000	28.000
RTA Administrative Fee		7.741	11.589
Vessel Renewal Notices		1.000	
Tobacco Arbitration Settlement		15.000	
SubTotal	-1.440	42.666	42.498
HB 2163 (Relating to Revenue)	0.000	456.396	864.100
HB 2242 (Basic Education Funding)		1,614.200	2,493.700
SB 5977 (Relating to Revenue)	0.000	-15.666	-81.767
HB 1716 (Construction Registration Account)		-19.178	-19.178
HB 1677 Local Infrastructure Funding			214.276
Grand Total	-41.068	2,406.537	3,714.008

Revenue Summaries

HB 2242 Education Funding - \$1.6 billion revenue increase (\$6.6 billion four-year)

- House Bill 2242 provides the some of the funding for the education plan by increasing the state property tax to a flat rate of \$2.70 per \$1,000 of assessed value. The \$2.70 rate will stay in place for four years, after which, the state property tax will revert to the current one percent revenue lid. Seniors who qualify for the senior citizen's exemption program are exempt from the increase in the state property tax.

SHB 2163 - Relating to Revenue - \$456.4 million revenue increase (\$1.3 billion four-year)

- Substitute House Bill 2163 has four revenue raising measures. Internet marketplace facilitators and remote sellers are required to collect and remit sales taxes on their remote sales from out of state or comply with use tax notice and reporting requirements to their buyers and the Department of Revenue. Additionally, sales tax is applied to sales of bottled water and a use tax will apply to fuels manufactured for own use. Lastly, a business and occupation tax economic nexus standard is applied to out-of-state retailers without physical presence in Washington. Streamlined sales tax mitigation payments are phased out.

SSB 5977 - Relating to Revenue - \$15.7 million revenue decrease (\$97 million four-year)

- Substitute Senate Bill 5977 creates, modifies, or extends thirteen tax preferences including lowering the business and occupation tax rate on manufacturers from 0.484 percent to 0.2904 percent and extends the motion picture competitiveness program for 10 years.

