



PROPOSED SENATE 2018 SUPPLEMENTAL OPERATING BUDGET

OVERVIEW

SENATE CHAIR

**SENATE WAYS & MEANS COMMITTEE
FEBRUARY 2018**

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Omnibus Operating Budget Overview

Context

Prior to the 2018 legislature convening, the Washington State Supreme Court issued an order that concludes that the state had met its constitutional duty to fully fund basic education as passed in Engrossed House Bill 2242. However, the court also found that the state remains out of full compliance with its constitutional duty because the new salary allocation model would not be fully implemented by September 1, 2018. The court declared if the state is not in compliance by March 8, 2018, the end of the regular 2018 legislative session, the court will immediately address the need to impose additional remedial measures. The estimated costs for fully implementing the new salary allocation model on September 1, 2018 is \$972 million over the 2018-19 school year.

In terms of budget resources and spending, the 2018 Legislature, as compared to the 2017 legislature, has an additional \$1.2 billion in Near General Fund - State plus Opportunity Pathways (NGF-P) revenue from higher than expected revenue forecasts. In addition, the 2018 legislature is estimated to save \$131 million in entitlement program spending from lower caseload and per capita costs.

Summary of Chair Rolfes' Budget Proposal

The primary budget related bills assumed in the Senate Chair's budget proposal are PSSB 6032 (the 2018 supplemental operating budget), ESSB 6362 (Modifying basic education)¹, SB 6174 (making appropriations from the Budget Stabilization Account for forest fire related costs), and revenue legislation to reduce the state property tax SB 6614 (Concerning funding for the support of common schools).

The Senate Chair's proposed budget includes the following policy related spending changes:

- \$1.2 billion in net increased policy adds including fully funding the K-12 salary increases as required by the State Supreme Court November order and funding the McCleary court penalties (other major increases include \$160 million in Mental Health and Developmental Disabilities/Long Term Care);
- \$403 million from the Budget Stabilization Account for a \$0.31 state property tax reduction in calendar year 2019; and
- \$22 million from the Budget Stabilization Account for fire related costs.

The projected ending fund balance at the end of 2017-19 is \$922 million and \$2.4 billion in total reserves.

For a more comprehensive summary of each budget area see the Functional Areas of Government pages that follow. Detailed policy changes can be seen in the agency detail document.

The Four-Year Outlook

The Chair's budget proposal, under the provisions of the four-year budget outlook (Chapter 8, Laws of 2012), is projected to end the 2019-21 biennium with \$82 million in NGF-P ending fund balance and \$1.9 billion in total reserves.

¹ The Chair proposed budget does not assume the apportionment shift that is proposed in E2SSB 6362.

PSSB 6032 Senate Chair
Near GF-S & Opportunity Pathways Account

(Dollars in Millions)

	2017-19			2019-21		
	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2019-21
Beginning Balance	1,149	1,884	1,149	922	645	922
Current Revenues	21,869	23,122	44,990	24,162	25,249	49,411
February 2018 Revenue Forecast	21,869	23,122	44,990	24,024	25,053	49,076
Addtl Revenue Based on 4.5% Growth Rate	0	0	0	138	196	335
Other Resource Changes	-76	-544	-620	-111	-99	-210
GF-S Transfer to BSA (1%)	-215	-225	-439	-234	-246	-481
GF-S Extraordinary Revenue to BSA	0	-1,620	-1,620	0	0	0
Extraordinary Revenue from BSA to GF-S	0	1,078	1,078	0	0	0
Budget Stabilization Acct to GF-S	0	213	213	190	0	190
Enacted Fund Transfers	119	210	328	104	96	200
Other Legislation	0	-4	-4	-3	-3	-7
Budget Driven Revenue	-2	-4	-6	2	4	6
Proposed Fund Transfers	1	0	1	0	30	30
Prior Period Adjustments	20	20	41	20	20	41
Property Tax Reduction	0	-213	-213	-190	0	-190
Total Revenues and Resources	22,941	24,461	45,518	24,973	25,795	50,123
Enacted Appropriations	20,914	22,795	43,708	24,273	25,617	49,890
Maintenance Level Total	-17	-114	-131	-76	80	4
Policy Level Total	264	972	1,236	254	143	397
K-12 Compensation	0	778	778	194	0	194
K-12 Education	104	-21	83	-69	-55	-124
Higher Education	7	40	47	35	42	77
Low Income Health Care	42	10	52	12	12	25
Utilize I-502 Revenue for Low Income Health Care	-61	-18	-79	-20	-21	-41
Mental Health/Dev. Disabilities/Long Term Care	29	84	113	66	85	151
Trueblood Lawsuit Fines	46	0	46	0	0	0
Children's/Economic Svcs	4	8	12	8	8	16
Early Learning	0	4	4	2	2	5
Corrections/JRA/SCC	0	-3	-3	-5	-5	-10
Fire Suppression	27	0	27	0	0	0
Debt Service	-4	19	15	47	47	95
All Other	69	69	138	-18	28	10
Reversions	-103	-114	-217	-122	-127	-249
Revised Appropriations	21,057	23,539	44,596	24,329	25,713	50,042
Projected Ending Balance	1,884	922	922	645	82	82
Budget Stabilization Account						
Beginning Balance	1,638	1,364	1,638	1,477	1,561	1,477
GF-S Transfer to BSA (1%)	215	225	439	234	246	481
GF-S Extraordinary Revenue to BSA	0	1,620	1,620	0	0	0
Extraordinary Revenue from BSA to GF-S	0	-1,078	-1,078	0	0	0
Budget Stabilization Acct to GF-S	0	-213	-213	-190	0	-190
BSA Transfer to Pension Stabilization Acct	-463	-463	-925	0	0	0
Appropriations from BSA	-41	0	-41	0	0	0
Interest Earnings	15	23	38	40	46	85
Budget Stabilization Account Ending Balance	1,364	1,477	1,477	1,561	1,853	1,853
Total Reserves	3,247	2,399	2,399	2,206	1,935	1,935

Functional Areas of Government

K-12 Public Schools

Increases

K-12 SALARY ALLOCATIONS - \$777.9 MILLION 2017-19 (\$193.9 MILLION 2019-21)

Funding is provided to fully implement salary allocations in school year 2018-19 to comply with the November 15, 2017, state Supreme Court McCleary decision.

DEDICATED MCCLEARY PENALTY ACCOUNT - \$103.8 MILLION 2017-2019

The Dedicated McCleary Penalty Account is created. General Fund-State moneys are appropriated into the account and dedicated to funding basic education costs. The appropriated amount equals the monetary penalties accrued from August 13, 2015 to March 8, 2018 from the Mathew McCleary et al., v. The State of Washington, 173 Wn.2d 477 (2012) case (\$93.8 million) and an additional 100 days (\$10 million) for penalties that could accrue as the Washington Supreme Court reviews the Legislature's post-budget report.

SPECIAL EDUCATION MULTIPLIER INCREASED - \$25.3 MILLION 2017-19 DEDICATED MCCLEARY PENALTY ACCOUNT

Funding is provided to increase the special education multiplier from 0.9309 percent to 0.9609 percent in Fiscal Year 2019. The funding is held in a dedicated account established to comply with the state supreme court McCleary decision.

REGIONALIZATION AND STAFF EXPERIENCE SAFETY NET- \$20 MILLION 2017-19

For the 2018-19 school year, a grant program is created to provide one-time salary funding for districts that can demonstrate that the state's salary allocations for certificated instructional staff is negatively impacting a district's ability to recruit and retain staff.

REGIONALIZATION EDGE ADJUSTMENT- \$4.9 MILLION 2017-19 (\$12.8 MILLION 2019-21)

For school districts sharing a boundary with any school district with a higher regionalization factor more than one tercile higher, the lower district will receive a 6 percent regionalization factor increase if the lower district is located west of the crest of the Cascade mountains.

Savings or Decreases

PROFESSIONAL LEARNING DAY DELAY- \$29.8 MILLION 2017-19 (\$76.5 MILLION 2019-21)

Engrossed House Bill 2242 included a 3-year phase-in for three professional learning days to begin in the 2018-19 school year. The start of the 3-year phase-in is delayed one year so that the first year of funding will begin in the 2019-20 school year.

HIGHER ED K-12 COMPENSATION INCREASE REVERSION - \$20.7 MILLION 2017-19 (\$80 MILLION 2019-21)

Rates paid by school districts to community and technical colleges (CTCs) for running start students are adjusted to maintain current CTC running start rates, per the passage of Engrossed Second Substitute Senate Bill No. 6362 (basic education funding).

SPECIAL EDUCATION SAFETY NET - \$10 MILLION 2017-19 (\$20 MILLION 2019-21)

The special education safety net is reduced by \$10 million each year.

Behavioral Health

Increases

HOSPITAL COMPLIANCE AND OPERATIONS - \$46.4 MILLION 2017-19 (\$25.9 MILLION 2019-21)

Funding is provided to maintain current operations through fiscal year 2018 and for the department to hire 90 staff to address the Systems Improvement Agreement (SIA), signed in November 2017 with the Centers for Medicare and Medicaid Services (CMS). The department must meet the CMS requirements in order maintain its current levels of federal funding.

TRUEBLOOD FINES - \$46.4 MILLION 2017-19

Funding is provided for court penalties accumulated under Trueblood et al v. DSHS concerning the provision of inpatient forensic services within court-mandated timelines. The department is required to pay fines of up to \$1,000 per day for individuals not receiving competency evaluation or restoration services within fourteen days of a court order.

BEHAVIORAL HEALTH ENHANCEMENTS - \$20.2 MILLION 2017-19 (\$63 MILLION 2019-21)

Funding is provided to the Behavioral Health Organizations (BHO) and Fully Integrated Managed Care Entities (FIMC) to increase community-based behavioral health services targeted at reducing the use of the state psychiatric hospitals.

INSTITUTION FOR MENTAL DISEASE (IMD) WAIVER - \$15.4 MILLION 2017-19 (\$20 MILLION 2019-21)

Funding is provided to account for inpatient stays in IMDs that are not eligible for Medicaid funds due to Federal regulations. Actuarial cost adjustments are included for chemical dependency treatment settings. This funding backfills the assumed loss of federal funding.

CRISIS SERVICES RESERVE FUNDS - \$14.5 MILLION 2017-19

One-time funding is provided to create funding reserves for the entities contracted to provide crisis services in each region transitioning to fully integrated physical and behavioral health managed care service systems during fiscal year 2019.

OPIOID DISORDER RESPONSE - \$10.1 MILLION TOTAL FUNDS 2017-19 (\$20.2 MILLION TOTAL FUNDS 2019-21)

Funding is provided for targeted programs to address opioid use across the state by increasing treatment and prevention. Funding goes to: expansion of a current hub and spoke model (treatment and follow up care), Naloxone distribution, Medication Assisted Treatment tracking tools, tribal specific strategies, and expansion of the existing Parent Child Assistance Program.

FORENSIC WARDS - \$9.6 MILLION 2017-19 (\$21.2 MILLION 2019-21)

Funding is provided to open 45 forensic beds at Western State Hospital during fiscal year 2019. The department will utilize the beds to increase capacity for competency evaluations and restorations.

YOUTH LONG-TERM INPATIENT ACCESS - \$2.4 MILLION 2017-19 (\$5 MILLION 2019-21)

Funding is provided to increase access to community-based long-term inpatient beds (CLIP) that serve youth with severe mental illness by increasing both rates and beds in the system. The department shall implement a process to include new providers into the system and maintaining current capacity.

Savings or Decreases

CONTRACTED FORENSIC BEDS - \$9.2 MILLION 2017-19 (\$5.0 MILLION 2019-21)

Savings are assumed by not contracting for 24 additional forensic beds at the Yakima facility through FY 2020.

Higher Education

Increases

STATE NEED GRANT - \$9.8 MILLION 2017-19 (\$40.3 MILLION 2019-21)

Funding is provided to the Student Achievement Council to increase the number of students served annually by the State Need Grant. In 2019, an additional 2,500 students are expected to be served. Additional funding is also provided to account for tuition increases in fiscal years 2020 and 2021.

STATE SUPPORT FOR EMPLOYEE COMPENSATION - \$18 MILLION 2017-19 (\$31.6 MILLION 2019-21)

Additional state funds are provided to the State Board of Community and Technical Colleges (SBCTC) and the University of Washington for compensation increases approved in 2017.

MESA AND GUIDED PATHWAYS EXPANSION - \$5 MILLION 2017-19 (\$10 MILLION 2019-20)

Funding is provided to the SBCTCs to expand the Washington Mathematics, Engineering, and Science Achievement (MESA) program and the Guided Pathways model. MESA provides advising, workshops, and other supports to traditionally underrepresented students to increase the number earning a bachelor's degree in a science, technology, engineering or mathematics field. The Guided Pathways model is expected to result in redesigned academic programs, and expanded advising and services to improve student outcomes.

COLLEGE BOUND SCHOLARSHIP CASELOAD INCREASE - \$5.0 MILLION 2017-19

Funding is provided for an increase in the College Bound Scholarship (CBS) caseload based on the February 2018 forecast. The Student Achievement Council is directed to reverse its decision to consider the Opportunity Scholarship a non-state award, beginning in the 2018-19 school year.

OPPORTUNITY SCHOLARSHIP STATE MATCH - \$4.3 MILLION 2017-19

Funding is provided to match private contributions to the Washington Opportunity Scholarship expected in fiscal year 2018. The Opportunity Scholarship program provides scholarships to students who have received their high school diploma or GED in Washington State and are pursuing a four-year degree in science, math, technology, engineering or health care.

COMPUTER SCIENCE ENROLLMENT - \$3 MILLION 2017-19 (\$6 MILLION 2019-21)

Funding is provided to the University of Washington to increase enrollment in computer science degree programs. This funding is estimated to support 10-12 additional faculty and staff at the University of Washington's Paul G. Allen School of Computer Science and Engineering.

MARINE SCIENCES PROGRAM - \$1.3 MILLION 2017-19 (\$2.6 MILLION 2019-21)

Funding is provided for Western Washington University to develop a new program in Marine, Coastal and Watershed Sciences.

PASSPORT TO CAREERS FOR FOSTER/HOMELESS YOUTH - \$0.6 MILLION 2017-19 (\$1.1 MILLION 2019-21)

Pursuant to Second Substitute Senate Bill 6274, funding is provided for the Student Achievement Council to expand the Passport to College Promise program to additional foster youth and youth who have experienced homelessness, and to develop a Passport to Apprenticeships program for foster youth and youth who have experienced homelessness.

Low-Income Medical Assistance

Changes

Pursuant to Second Engrossed Substitute House Bill 1388, the responsibility for oversight and purchasing of behavioral health services is transferred from the Department of Social and Health Services (DSHS) to the Health Care Authority, except for the operation of the state hospitals. The certification of behavioral health providers is transferred from DSHS to Department of Health.

Increases

HEALTHIER WASHINGTON - \$30.2 MILLION 2017-19

Funding is provided on a one-time basis to restore assumed savings for Healthier Washington: a project that allows the Health Care Authority and the Department of Social and Health Services to establish integrated clinical models of physical and behavioral health care, thereby improving the effectiveness of health care purchasing and transforming the health care delivery system. As a result of delayed efforts to integrate clinical models of physical and behavioral health care, full savings assumed in the current budget will not be realized this year.

PHARMACY SAVINGS RESTORATION - \$11.5 MILLION 2017-19

Funding is provided on a one-time basis to restore assumed savings to be achieved by the Health Care Authority creating a single, preferred drug list for Medicaid managed care plans.

PEDIATRIC PRIMARY CARE RATES - \$5.8 MILLION 2017-19 (\$13.4 MILLION 2019-21)

Funding is provided to increase rates for privately owned and operated providers. These increases apply to both pediatric primary care pediatric evaluation and management and pediatric vaccine codes. The eligible codes follow those that were used under the temporary increase provided in calendar years 2013 and 2014 as outlined in section 1202 of the Affordable Care Act. Both physician and non-physician practitioners are eligible for these increases.

OPIOID DISORDER RESPONSE - \$1.2 MILLION 2017-19 (\$2.5 MILLION 2019-21)

Funding is provided for targeted programs to address opioid use across the state by increasing treatment and prevention. Funding is provided to increase rates for medication-assisted treatment to encourage more providers to treat patients with opioid use disorder.

COMPACT OF FREE ALLIANCE PREMIUM PAYMENT - \$1 MILLION 2017-19 (\$3.5 MILLION 2019-21)

Funding is provided for a premium assistance program for Washington residents who are citizens of the Republic of the Marshall Islands, the Federal States of Micronesia, or the Republic of Palau.

Savings or Decreases

HEALTH HOMES - \$1.8 MILLION SAVINGS 2017-19 (\$1.2 MILLION SAVINGS 2019-21)

The Health Homes program funds care coordination for people who have the most expensive, chronic health problems. This program is available for clients who are on Medicaid as well as clients who are dually eligible for both Medicaid and Medicare. Washington participates in a shared savings agreement program with the Centers for Medicare and Medicaid Services. To date, this program has generated \$25 million savings. Funding is provided for a rate increase to assist in this expansion to King and Snohomish Counties.

Long-Term Care, Developmental Disabilities

RHC MEDICAID COMPLIANCE - \$7 MILLION 2017-19 (\$7 MILLION 2019-21)

Funding is provided for additional staff related to compliance with Centers for Medicare and Medicaid Services requirements for active treatment, client safety, governing body and management, and client rights at the Residential Habilitation Centers.

INDIVIDUAL PROVIDER MANAGEMENT - \$1 MILLION 2017-19 (\$13 MILLION 2019-21)

Pursuant to Engrossed Substitute Senate Bill 6199, the Department of Social and Health Services must establish a Consumer Directed Employer (CDE) program prior to July 1, 2021. The CDE will be the employer of individual providers for administrative purposes. Among other tasks, the CDE will conduct background checks, monitor compliance with overtime regulations, and verify training requirements. After transitioning to the CDE, a rate setting board will recommend changes to the wages, benefits, and administrative support for individual providers. If the Governor includes the proposal in his or her budget, then the Legislature must either fund, or not fund, the proposal in its entirety.

PERSONAL NEEDS ALLOWANCE - \$0.7 MILLION 2017-19 (\$3 MILLION 2019-21)

Pursuant to either Substitute Senate Bill 6237 or Substitute House Bill 2651, the Department of Social and Health Services must increase the personal needs allowance (PNA) on January 1, 2019. The PNA is the amount of income that Medicaid clients may keep each month for incidental purchases. The PNA for clients living in institutional settings, such as nursing facilities, will increase from \$58.43 per month to \$70 per month. The PNA for clients living in residential settings, such as assisted living and adult family homes, will increase from \$64.05 per month to \$70 per month.

SOLA COMMUNITY OPTIONS - \$1 MILLION 2017-19 (\$1 MILLION 2019-21)

Funding is provided for 47 clients to move out of the Residential Habilitation Centers and into community settings. Clients will phase into State Operated Living Alternative placements over a three-year period.

PARENT-TO-PARENT PROGRAMS - \$0.3 MILLION 2017-19 (\$0.6 MILLION 2019-21)

The Arc of Washington State administers the Parent-to-Parent Program (P2P). The P2P provides

outreach, training, and ongoing support to newly identified parents of children with a disability. Funding is provided to enhance the existing local programs, and to establish local programs in Okanogan County and Whitman County.

Economic Services

INCREASES

GRANT STANDARD INCREASE - \$7.5 MILLION 2017-19 (\$22.7 MILLION 2019-21)

A combination of reallocated resources from underspending in WorkFirst partner contracts and new funding is provided for a 5.6 percent increase in the grant standard for the Temporary Assistance for Needy Families, State Food Assistance, and the Refugee Cash Assistance programs. As a result, the increased funding brings the grant standards to pre-recession levels.

REALLOCATION TO OTHER WORKFIRST SERVICES - \$2.7 MILLION 2017-19

Resources from underspending in WorkFirst partner contracts are reallocated one-time in Fiscal Year 2018 for transportation assistance and other local contracts within the WorkFirst program.

Department of Children, Youth, and Families

INCREASES

BEHAVIORAL REHABILITATION SERVICES - \$4.3 MILLION 2017-19 (\$10.6 MILLION 2019-21)

Funding is provided to increase the behavioral rehabilitation services (BRS) rate by \$750 per child per month in congregate care settings and to implement an enhanced rate add-on for providers who increase bed capacity for BRS. Providers who add BRS beds will receive an additional enhancement to the monthly rate as follows: 1) rates for campus-based facility providers will increase by \$226 per child per month; 2) rates for group home providers will increase by \$75 per child per month; and 3) rates for therapeutic foster homes will increase by \$200 per month. The department is directed to report to the legislature by January 1, 2019 on the effect of this enhanced rate add-on on increasing BRS capacity and rates of placement.

HOME VISITING - \$2.3 MILLION 2017-19 (\$6.9 MILLION 2019-21)

Funding is provided to expand the home visiting program to serve an additional 275 families beginning in Fiscal Year 2019. This program provides visits in the home to educate expectant and new parents about prenatal care, infant care, child development, and parenting skills.

ECLIPSE PROGRAM - \$2.2 MILLION 2017-19

One-time funding is provided in Fiscal Year 2019 to continue delivering the Early Childhood Intervention Prevent Services (ECLIPSE) program, which provides early intervention and treatment services for children exposed to environmental, familial, and biological risk factors that impact development, behavior, and mental health.

HOMELESS CHILD CARE - \$1.6 MILLION GENERAL FUND-FEDERAL

Available federal resources are utilized to improve access to childcare for homeless families by establishing a four-month grace period before requiring proof of eligibility in the Working Connections Child Care (WCCC) program. A portion of this funding will be utilized to expand access to the WCCC program for these individuals across the state.

Corrections & Other Criminal Justice

INCREASES

TOXICOLOGY LAB - \$ 1 MILLION 2017-19

Funding is provided from the death investigations account for five FTE in an effort to reduce the backlog during the 2017-19 biennium of drug and alcohol tests for coroners, medical examiners, law enforcement agencies, prosecuting attorneys, and State Liquor Cannabis Board in all 39 counties. Approximately 65 percent of the tests are attributed to law enforcement DUI cases.

WORK RELEASE CAPACITY - \$975 THOUSAND 2017-19 (\$2 MILLION 2019-21)

Funding is provided to increase the capacity of the department's work release program by 62 beds across all its existing facilities to move eligible individuals out of prison beds and into reentry programs.

EXTRAORDINARY CRIMINAL JUSTICE COSTS - \$824 THOUSAND 2017-2019

Funding is provided to counties that have incurred extraordinary costs aggravated murder cases. Funding is provided to Thurston (420,000), Yakima (\$401,000) and Mason (\$3,000) counties. Reimbursement for these costs are verified by Office of Public Defense, the Washington State Association of Prosecuting Attorneys, and the Washington Association of Sheriffs and Police Chiefs pursuant to RCW 43.330.190.

GRADUATED REENTRY - \$626 THOUSAND 2017-19 (\$487 THOUSAND IN SAVINGS 2019-21)

Funding is provided to implement changes to the department's reentry system. The graduated reentry program changes eligibility for work release to the last twelve months for individuals who have spent at least twelve months in prison. During the last six months of work release and individual becomes eligible to transition to the community with electronic home monitoring and supervision. This program begins producing savings and freeing up prison beds in the 2019-21 biennium.

SAVINGS OR DECREASES

CONCURRENT SUPERVISION AND DRUG GRID SUNSET REMOVAL - \$3.9 MILLION SAVINGS 2017-19 (\$10 MILLION SAVINGS 2019-21)

A reduction in individuals on community supervision is achieved by making multiple sentences of community supervision assumed to run concurrent instead of consecutive unless expressly stated by the court. Additionally, the drug grid changes put into statute in 2013 are made permanent by removing the sunset date.

Other Human Services

INCREASES

VETERAN HOME REVENUE - \$6 MILLION 2017-19

One-time funding is provided for a one-time General Fund-State backfill at the Washington Veterans Home in Retsil, the Washington Soldiers Home in Orting, and the Walla Walla Veterans Home. Revenue collections have been less than anticipated due to a drop in census and the elimination of the light nursing program.

COMMUNICABLE DISEASE PREVENTION - \$3 MILLION 2017-19

One-time funding is provided for the prevention of Hepatitis B, Hepatitis C, Zika virus, and other communicable diseases in King County. Funding is also provided for response efforts when outbreaks occur.

HEALTH PROFESSION LICENSING - \$2 MILLION 2017-19 (Health Professions Account)

One-time expenditure authority from the Health Professions Account is provided to fill staff vacancies within the Department of Health (DOH). Performance measures, such as the time needed to credential new health providers and the time needed to respond when health providers contact DOH, are expected to improve after the positions have been filled.

MEDICAL MARIJUANA DATABASE - \$2 MILLION 2017-19 (Health Professions Account)

Funding from the Dedicated Marijuana Account is transferred to the Health Professions Account. The 2015-17 operating budget appropriated funding from the Health Professions Account to develop a medical marijuana authorization database. At that time, the legislature indicated that the costs associated with implementing the database would be restored through future appropriations.

OPIOID RESPONSE - \$1 MILLION 2017-19 (\$1.1 MILLION 2019-21)

Funding is provided to expand the use of the state prescription drug-monitoring program, provide patient encounter data to the electronic emergency medical data system, and support comprehensive school and community-based prevention services.

Natural Resources

INCREASES

FIRE SUPPRESSION AND RESPONSE - \$27.2 MILLION 2017-19; \$57 MILLION TOTAL

Funding is provided to the Department of Natural Resources for fire suppression costs. Of the total funding, \$19.8 million is provided from the Budget Stabilization Account.

FIRE RESPONSE CAPACITY - \$1.7 FOREST FIRE PROTECTION ASSESSMENT ACCOUNT 2017-19

One-time funding from the account is provided for the department to improve its capability to respond to wildfires, upgrade tracking systems for wildfire and forest health data, add and train staff.

WATER AVAILABILITY (HIRST FIX) - \$4.5 MILLION 2017-19 (\$13.5 MILLION 2019-21)

Funding is provided for the Departments of Ecology, Fish & Wildlife, and Agriculture to establish watershed restoration and enhancement committees in fifteen watersheds, promulgate rules, fund water use mitigation projects, create a water-metering pilot project, and provide information to a joint legislative task force, as specified in Engrossed Substitute Senate Bill 6091.

ORCA WHALE PROTECTION - \$1.5 MILLION 2017-19 (\$2.6 MILLION 2019-21)

Funding is provided for actions to address the limiting factors of orca whale recovery including increasing the production of salmon at hatcheries, increasing enforcement of vessel regulations, and for the support of the Governor's orca recovery efforts.

General Government

INCREASES

EMERGENCY RESPONSE AND PLANNING - \$11.0 MILLION 2017-19 DISASTER RESPONSE ACCOUNT; \$48.1 MILLION TOTAL

Funding is provided for emergency management and disaster recovery efforts from previously Governor declared disasters.

NEXT GENERATION E-911 - 4.2 MILLION 2017-19 TOTAL

A combination of General Fund-State (\$1.6 million) and Enhanced 911 Account (\$2.6 million) funds are provided for continued implementation of the Next Generation 911 system to allow the public to request emergency assistance through multiple communication platforms, such as text and video messaging.

ONE WASHINGTON PROGRAM - \$3.5 MILLION 2017-2019 (STATEWIDE INFORMATION TECHNOLOGY SYSTEM DEVELOPMENT REVOLVING ACCOUNT-STATE)

Funding is provided for the continuing development of the One Washington Program that will replace the 30-year-old financial system across state government.

RURAL AND SMALL BUSINESS ASSISTANCE - \$1.1 MILLION 2017-2019 (\$2.1 MILLION 2019-2021)

Funding is provided to expand the small business export assistance program and to continue the economic gardening program. Small and early stage businesses will have more access to export strategy assistance and grants for business development.

WOMEN'S SUFFRAGE CENTENNIAL - \$0.2 MILLION 2017-2019 (\$0.1 MILLION 2019-2021)

Funding is provided for activities, educational events, and small grants across the state to celebrate the 100th anniversary of women's right to vote.

Judicial

INCREASES

IMMIGRANT LEGAL DEFENSE FUND - \$1 MILLION 2017-2019

Funding is provided to the Office of Public Defense to contract with attorneys and community organizations to provide legal representation and/or referral services to indigent persons who are in need of legal services for matters related to their immigration status.

WRONGFUL DEATH/INJURY - \$1.86 MILLION 2017-2019 (\$4.2 MILLION 2019-2021)

Agency budgets are adjusted to reflect each agency's anticipated share of charges to the state's Liability Account from Second Substitute Senate Bill 6015 (wrongful death/injury), which removes the requirement that second tier beneficiaries in an action reside in the United States at the time of the decedent's death and be dependent on the decedent for financial support in order to recover in a wrongful death or survival action.

FAMILY LAW ASSISTANCE - \$425,000 2017-2019 (\$376,000 2019-2021)

Funding is provided for the Office of Civil Legal Aid to create an automated family law forms

system similar to TurboTax to assist the public with identifying and completing court forms required in family law cases. One-time funding is also provided for the office to contract with the International Families Justice Coalition to expand private capacity to provide legal advice and representation for indigent foreign nationals in contested domestic relations and family law cases.

LOCAL GOVERNMENT CRIMINAL JUSTICE GRANTS - \$5 MILLION 2017-2019 (\$10 MILLION 2019-2021)

Funding is provided for a grant program to counties and cities to offset criminal justice costs that may result from the enactment of criminal justice legislation, such as Engrossed Second Substitute House Bill 1783 (legal financial obligations). Funds must be used for indigent criminal defense or other costs that directly impact court operations in criminal cases.

Other Changes

INCREASES

PLAN 1 RETIREE BENEFIT INCREASES - \$10.7 MILLION 2017-19 (\$21.4 MILLION 2019-21)

Funding is provided for a one-time permanent benefit increase of 2.0 percent for certain plan 1 retirees, as provided for in Substitute Senate Bill No. 6340.

ANDY HILL CANCER RESEARCH ENDOWMENT - \$5 MILLION 2017-2019

An additional \$5 million is provided for cancer research endowment authority, which was renamed the Andy Hill cancer research endowment with the passage of Engrossed Senate Bill 5375 (cancer research). The Authority was created in 2015 to distribute state funding for the promotion of cancer research. Senate Hill served in the Senate until his death in October 2016, from lung cancer.

PAID FAMILY AND MEDICAL LEAVE PREMIUMS - \$1.6 MILLION 2017-19 (\$5.9 MILLION 2019-21)

Funding is provided for the employer portion of the paid family and medical leave premiums and for the employee portion of the premium for employees making less than \$34,060 per year.

INFORMATION TECHNOLOGY (IT) POOL - \$4.99 MILLION, \$1.32 MILLION-OTHER FUNDS

The IT Investment Revolving Account created in 2015 is continued with the addition of eight projects. The Office of Financial Management will allocate funds to state agencies for selected projects subject to additional oversight and review by the state Chief Information Officer.

SAVINGS OR DECREASES

EMPLOYEE BENEFITS RATE - \$27.8 MILLION 2017-19 REDUCTION (\$55.5 MILLION REDUCTION IN 2019-21)

Funding is reduced to account for a reduction in the 2019 public employee benefit rate from \$957 per employee per month to \$906.

LOCAL PUBLIC SAFETY TRANSFER - \$0 MILLION 2017-19 REDUCTION (\$50.0 MILLION REDUCTION IN 2019-21)

Funding is reduced as a result of the local public safety transfer under RCW 41.26.802 from the General Fund being assumed to be suspended through 2019-21 biennium.

Appendix A

Revenue Related Bills

Revenue Related Bills

(dollars in thousands)

Bill #	Description	17-19	19-21
SB 6614	State Property Tax Rate Reduction	(\$213,000)	(\$190,000)
HB 2340	Alternative Fuel Vehicle Tax	(\$1,611)	(\$1,356)
E4SSB 5251	Tourism Marketing	(\$1,500)	(\$3,000)
E2SSB 6386	Fair Funding	(\$995)	(\$1,990)
SB 6536	Vehicle Assist./Sales Tax	(\$115)	(\$248)
SSB 5627	Mobile Home Communities	(\$19)	(\$19)
ESSB 5513	Tax Exemption Transparency	\$0	\$0
SSB 6251	Sr's, Disab. Vets/Prop Tx Ex	\$0	\$0
SB 6314	Senior/Disabled Prop Taxes	\$0	\$0
SB 6321	Public Utility Revenues/Fire	\$0	\$0
SSB 6347	Urban Centers/Multiple Units	\$0	\$0
SSB 6346	Wine/Microbreweries (Liquor Revolving)	\$25	\$50
E2SSB 5407	Housing Options (Landlord Mitigation)	\$1,500	\$3,000
Total		(\$215,604)	(\$193,286)

STATE PROPERTY TAX RATE REDUCTION (\$213 MILLION DECREASE IN 2017-2019 (\$190 MILLION DECREASE IN 19-21)

Senate Bill 6614 reduces the calendar year 2019 state property tax rate from \$2.70 to \$2.39 (31 cents).

ALTERNATIVE FUEL VEHICLE TAX (\$1.6 MILLION DECREASE IN 2017-2019 (\$1.4 MILLION DECREASE IN 19-21)

House Bill 2340 extends the retail sales and use tax exemption for clean alternative fuel vehicles by modifying the timing for early termination of it to occur after 10,000 qualifying vehicles are titled in the state (rather than after 7,500 qualifying vehicles are titled in the state).

TOURISM MARKETING (\$1.5 MILLION DECREASE IN 2017-2019 (\$3 MILLION DECREASE IN 19-21)

Engrossed Fourth Substitute Senate Bill 5251 creates the Washington Tourism Marketing Authority to manage financial resources and contract for the development of a statewide tourism marketing plan. The legislation also directs 0.2 percent of retail sales taxes collected on lodging, car rentals, and restaurants to fund the implementation of the statewide tourism marketing plan.

FAIR FUNDING (\$995,000 DECREASE IN 2017-2019 (\$2 MILLION DECREASE IN 19-21)

Engrossed Second Substitute Senate Bill 6386 Provides that state retail sales tax revenue received as the result of sales occurring during events held at fairgrounds where agricultural fairs occur must be deposited into the State Fair Fund (Fair Fund). The legislation also establishes that any monies collected in excess of \$2.5 million must be deposited in the general fund and if the retail

sales tax revenue is estimated to be less than \$2 million, the state treasurer must transfer funds from the general fund to ensure that the annual net deposit into the Fair Fund is \$2 million.

AUTOMOTIVE ADAPTIVE EQUIPMENT (\$115,000 DECREASE IN 2017-2019 (\$248,000 DECREASE IN 19-21)

Senate Bill 6536 extends the state sales and use tax exemption for add-on automotive adaptive equipment until July 1, 2028.

SALES OF MANUFACTURED/MOBILE HOME COMMUNITIES (\$19,000 DECREASE IN 2017-2019 (\$19,000 DECREASE IN 19-21)

Substitute Senate Bill 5627 extends the state real estate excise tax (REET) exemption on a qualified sale of a manufactured/mobile home community from December 31, 2018 to December 31, 2026.

TAX EXEMPTION TRANSPARENCY AND ACCOUNTABILITY (NO STATE REVENUE IMPACT)

Engrossed Substitute Senate Bill 5513 requires the budget outlook methodology document to summarize the fiscal impact of tax preferences and the budget documents to include a detailed listing of tax preferences. The legislation also directs the Department of Revenue Tax Exemption report to be submitted to the Legislature every two years, rather than every four years.

PROPERTY TAX RELIEF PROGRAM FOR SENIOR CITIZENS AND DISABLED PERSONS - QUALIFYING INCOME THRESHOLDS (NO STATE REVENUE IMPACT)

Substitute Senate Bill 6251 modifies the qualifying income thresholds for the property tax exemption and deferral programs for low-income senior citizens, individuals with disabilities, and veterans, beginning in calendar year 2022.

PROPERTY TAX RELIEF PROGRAM FOR SENIOR CITIZENS AND DISABLED PERSONS - CITY AND COUNTY LID LIFTS (NO STATE REVENUE IMPACT)

Senate Bill 6314 allows city and county levy lid lift amounts to be fully exempted under the senior citizen and retired person property tax exemption program when the lid lift amount is identified in the ordinance placing the lid lift on a ballot.

PUBLIC UTILITY DISTRICT PRIVILEGE TAX DISTRIBUTIONS (NO STATE REVENUE IMPACT)

Senate Bill 6321 specifies that fire protection districts and regional fire protection service authorities are taxing districts for the purpose of distributing public utility district (PUD) privilege tax revenues and that regional fire authorities are eligible for the same portion that fire districts receive under the tax. The bill also directs that fire protection districts and regional fire authorities receive at least six percent of the portion distributed to counties for hydroelectric facilities.

PROPERTY TAX EXEMPTION FOR NEW AND REHABILITATED MULTIPLE-UNIT DWELLINGS IN URBAN SETTINGS (INDETERMINATE REVENUE IMPACT)

Substitute Senate Bill 6347 allows all cities and towns to provide property tax exemptions for eligible multi-unit residential housing projects in urban centers until July 1, 2021.

SALE OF WINE BY SNACK BAR LICENSE HOLDERS (\$25,000 INCREASE IN 2017-2019 (\$50,000 INCREASE IN 19-21)

Substitute Senate Bill 6346 allows microbreweries to apply for an endorsement to sell wine produced by a domestic winery, by the glass, for on-premises consumption. The bill sets the

annual fee for the endorsement at \$125.

HOUSING OPTIONS (\$1.5 MILLION INCREASE IN 2017-2019 (\$3 MILLION INCREASE IN 19-21)

Engrossed Second Substitute Senate Bill 5407 establishes the Landlord Mitigation Program allowing landlords to seek reimbursement for repairs of documented damages to qualifying rental units. The state's share of a \$3 increase to the surcharge on document recording fees will be deposited into the Landlord Mitigation Account.

Appendix B

Fund Transfers & Budget Driven Revenue
(Near GF-S & Opp Pathways in Millions)

Proposed Transfers	2017-19	2019-21
<i>From the General Fund</i>		
Death Investigations Account	(1.2)	
Fund Transfers from the General Fund	(1.2)	-
<i>To the General Fund</i>		
Disaster Response Account		30.0
Public Works Administration Account	2.5	-
Fund Transfers to the General Fund	2.5	30.0
 Budget Driven Revenue		
Liquor Control Board (Liquor)	0.2	3.4
Lottery	0.0	-
Marijuana Distribution Changes	(5.9)	2.9
Budget Driven Revenue	(5.7)	6.3

Appendix C

2017-19 Omnibus Operating Budget -- 2018 Supplemental

PSSB 6032 Senate Chair

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
<i>Employee Compensation</i>			
PERS & TRS Plan 1 Benefit Increase	10,687	12,446	21,374
DOC Salary Related Items	1,528	1,528	1,626
CYF Salary Related Items	1,483	1,520	2,006
DSHS Salary Related Items	1,299	2,503	2,042
Paid Family Leave--Employer Premium	1,018	2,850	4,754
DVA Salary Related Items	301	301	307
All Other Increases	205	648	214
Family Leave: Low Wage Employees	42	135	179
Local Public Safety Account	0	0	-50,000
PEBB Rate Change	-27,827	-63,082	-55,654
<i>Employee Compensation Total</i>	-11,264	-41,151	-73,152
<i>K-12 Education</i>			
K-12 Salary Allocations	778,471	778,471	193,883
Dedicated McCleary Penalty Account	103,800	103,800	0
Regionalization Increases	24,944	24,944	12,762
Retiree Remittance	5,318	5,318	31,999
Science Standards Pro Learning	4,000	4,000	4,000
All Other Increases	3,324	2,938	2,678
Breakfast After the Bell	1,200	1,232	0
Bilingual Educator Initiative	1,000	1,000	0
School Safety Response	386	386	772
Special Education	80	25,281	223
Other IT & Related	78	78	18
Suicide Prevention Training	77	77	74
SEBB Creation & Admin	0	50,619	0
Special Education Safety Net Adjust	-10,000	-10,000	-20,000
Higher Ed K-12 Comp Incr Reversion	-20,723	-20,723	-80,034
Professional Learning Day Delay	-29,760	-29,760	-76,461
<i>K-12 Education Total</i>	862,195	937,661	69,914
<i>Higher Education Institutions</i>			
SBCTC Salary Related Items	9,006	9,006	13,604
Adjust Compensation Funding	9,000	0	0
MESA and Guided Pathways programs	5,000	5,000	10,011
UW: Computer Sci Enrollment	3,000	3,000	6,006
WSU: Energy Related	1,792	1,792	1,904
All Other Increases	1,580	2,741	1,163
Marine Sciences	1,306	1,306	2,615
Advanced Manufacturing Tech. Center	0	2,420	0
<i>Higher Education Institutions Total</i>	30,684	25,265	35,303

2017-19 Omnibus Operating Budget -- 2018 Supplemental

PSSB 6032 Senate Chair

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
Higher Education Financial Aid			
State Need Grant	9,842	9,842	40,291
Opportunity Scholarship State Match	4,336	4,336	0
All Other Increases	838	838	252
Student Loan Bill of Rights	501	941	368
Higher Education Financial Aid Total	15,517	15,957	40,911
Early Learning & Child Care			
Home Visiting	2,299	2,299	4,606
ECLIPSE Program	2,152	2,152	0
DCYF Implementation Funds	2,000	2,000	0
Homeless Child Care	0	1,610	0
Early Learning & Child Care Total	6,451	8,061	4,606
Children & Family Services			
Behavioral Rehabilitation Services	4,336	6,443	6,298
Homelessness: Increases	1,118	1,118	1,119
DCYF Implementation	984	1,229	1,787
All Other Increases	425	425	369
Children & Family Services Total	6,863	9,215	9,573
Health Care			
Healthier WA Savings Restoration	30,180	67,692	0
Pharmacy Savings Restoration	11,472	39,112	0
Pediatric Primary Care Rate	5,825	13,844	13,380
Andy Hill Cancer Research Endowment	5,000	5,000	0
Communicable Disease Prevention	3,000	3,000	0
Occupational Disease Presumption	2,400	2,400	5,690
Other IT & Related	2,063	13,372	2,799
Delay in APD Approval	1,424	0	0
COFA Premium Payment Program	1,323	1,323	3,456
Preventable Hospitalizations	670	670	0
Hearing Aids	358	1,481	1,583
All Other Increases	186	7,970	212
Employee Reproductive Health	151	206	291
Medicaid Transformation Waiver	0	-22,262	0
Post-Eligibility Review Backlog	-485	-6,082	-170
Low Income Health Care/I-502	-78,785	0	-40,763
Health Care Total	-15,218	127,726	-13,523

2017-19 Omnibus Operating Budget -- 2018 Supplemental

PSSB 6032 Senate Chair

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
Behavioral Health			
State Hospital Related Items	48,885	49,104	26,619
Trueblood Lawsuit Fines	46,401	46,401	0
BHO Enhancements	20,179	38,179	42,886
IMD Waiver	15,480	24,142	19,978
Crisis Services Reserve Funds	14,500	14,500	0
Forensic Related Increases	12,603	12,603	25,818
Opioid Related Items	4,913	17,327	9,468
All Other Increases	3,041	5,504	2,742
Youth Long Term Inpatient Access	2,352	4,704	4,999
BH - Integration Transfer	1,520	2,197	147
Equipment Replacement Costs	1,055	1,055	0
Behavioral Health Services	837	1,842	3,103
CSTC Treatment Staff	369	369	680
Contracted Forensic Beds	-9,180	-9,180	-4,976
Behavioral Health Total	162,955	208,747	131,464
Long Term Care & DD			
RHC Medicaid Compliance	7,086	14,172	7,036
All Other Increases	2,380	3,027	699
SOLA Community Options	1,362	2,723	1,224
Individual Provider Management	1,293	3,283	13,163
Personal Needs Allowance Increase	688	1,306	3,019
Consolidated Maintenance/Operations	325	650	691
Electronic Visit Verification	300	3,000	0
Long Term Care & DD Total	13,434	28,161	25,831
Corrections and Other Criminal Justice			
All Other Increases	2,121	3,153	1,216
Work Release: Maximize Capacity	975	975	1,931
JRA Related Increases	750	750	1,240
Criminal Justice Training Commission	661	1,251	0
Graduated Reentry	626	626	-487
Racial Disproportionality	173	234	347
Eliminate Drug Grid Sunset	-488	-488	-3,022
DOC: Concurrent Supervision	-3,411	-3,411	-6,985
Hepatitis C Treatment	-4,659	-4,659	-6,024
Corrections and Other Criminal Justice Total	-3,252	-1,569	-11,785
Other Human Services			
TANF, SFA, RA Grant Increase	7,466	7,533	15,202
Department of Veterans' Affairs	6,117	-383	-767
Reallocation to Other WF Services	2,609	2,609	0
ESAR Architectural Development	1,820	11,636	1,761
Delay in APD Approval	1,576	0	0
Registered Apprenticeships	433	591	244
All Other Increases	75	2,654	0
Federal RISE Grant	0	5,000	0
Other IT & Related	0	2,695	0
Factory Assembled Structures	0	957	0
Reduction to WF Partner Contracts	-7,982	-7,982	-10,940
Other Human Services Total	12,114	25,310	5,500

2017-19 Omnibus Operating Budget -- 2018 Supplemental

PSSB 6032 Senate Chair

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
<i>Natural Resources</i>			
Wildfires & Related Items	27,378	117,255	374
All Other Increases	3,104	22,096	3,612
Water Availability	2,497	4,616	13,478
Orca Whale Protection	1,500	1,500	2,623
Other IT & Related	180	1,623	361
Nonnative Finfish Release	0	296	0
All Other Savings	0	-7,730	0
<i>Natural Resources Total</i>	34,659	139,656	20,448
<i>All Other Policy Changes</i>			
Disaster Response Account	63,233	63,233	0
Debt Service on New Projects	15,137	15,137	94,710
All Other Increases	8,332	20,272	4,631
Central Services	5,411	13,573	7,439
Local Criminal Court Costs	5,000	5,000	10,018
Information Technology Pool	4,990	6,309	0
Judicial: Other Increase	3,352	3,352	3,306
Judicial IT Related Items	2,965	5,620	376
ADO Fund Shift	2,801	0	5,612
Crime Victims Program	2,250	2,250	6,739
Self-Insurance Liability Premium	1,864	2,598	4,212
Judicial: Fund Shift	1,600	1,600	0
Next Generation 911	1,582	4,200	0
Rural & Small Business Assistance	1,070	1,070	2,144
Other IT & Related	815	7,889	916
Industry Sector Development Program	736	736	1,475
Census Planning and Coordination	464	464	1,504
Automatic Voter Registration	373	373	1,258
Economic Development Activities	0	4,000	0
One Washington Program	0	3,519	0
Lease Cost Pool	0	0	7,213
Shift Funding Between Accounts	-1,300	0	0
<i>All Other Policy Changes Total</i>	120,675	161,195	151,552
 Grand Total	 1,235,813	 1,644,234	 396,641

