



Proposed 2020 Supplemental Operating Budget

PSHB 2325 H-5077.1

By Representative Ormsby

Summary

February 24, 2020

Office of Program Research

Summary

Context

In April 2019, the Legislature adopted a biennial operating budget for the 2019-21 biennium. The enacted biennial budget appropriates \$52.5 billion from the General Fund-State, Education Legacy Trust Account, and Opportunity Pathways accounts (collectively referred to as NGF-O). Of this amount, \$50.4 billion is General Fund-State. Total budgeted funds, which includes NGF-O, various higher education funds, numerous state dedicated funds, and federal funds, are \$99.7 billion.

Since the enactment of the 2019-21 biennial operating budget, forecasted NGF-P revenue for 2019-21 biennium has increased. After accounting for increases in forecasted revenues, actual reversions in fiscal year 2019, along with prior period and other accounting adjustments, the Legislature has approximately \$1.55 billion in additional NGF-O resources available for the 2019-21 Biennium (and \$2.3 billion over the four years).

Proposed Substitute House Bill (PSHB) 2325

PSHB 2325, the 2020 supplemental operating budget proposal by Representative Ormsby, makes changes to the enacted 2019-21 biennial budget. These supplemental changes increase NGF-O appropriations for the 2019-21 biennium by a net of \$1.2 billion to \$53.7 billion in total. Of the \$1.2 billion, maintenance level adjustments account for \$144 million (mostly technical adjustments to caseloads and per capita costs in entitlement programs); policy level spending accounts for the remaining \$1 billion.

The proposal would increase total budgeted funds for the 2019-21 Biennium by a net of \$2.5 billion (to \$102.2 billion in total).

Resource Changes Impacting the Balance Sheet and Outlook

Taken together, the net impact of assumed revenue legislation is a reduction of \$50 million in NGF-O revenue for the 2019-21 Biennium and a reduction of \$71 million for the 2021-23 Biennium.

Net fund transfers reduce NGF-O resources by \$13 million in the 2019-21 Biennium and increase NGF-O resources by \$3 million in the 2021-23 Biennium. These amounts are in addition to the required transfer from the state general fund to the Budget Stabilization Account (calculated as one percent of general state revenues).

The proposal also assumes that agencies will retain some portion of unspent state general fund appropriations beginning in fiscal year 2021 under the savings incentive program. This has the effect of reducing expected reversions.

A listing of revenue legislation, and the assumed impacts, as well as budget driven revenue and fund transfers, is included later in this document.

Budget Balances & Outlook

The NGF-O ending fund balance for the 2019-21 Biennium is projected to be \$627 million. The Budget Stabilization Account ending balance for the 2019-21 biennium is projected to be \$2.2 billion.

Based on the provisions of Chapter 8, Laws of 2012 (budget outlook), and guidelines previously adopted by the Economic and Revenue Forecast Council, the NGF-O ending fund balance for the 2021-23 Biennium is projected to be \$59 million. The Budget Stabilization Account ending balance for the 2021-23 biennium is projected to be \$2.8 billion.

Additional Information

Additional Information Regarding PSHB 2325

This information is provided in explanation of Proposed Substitute House Bill 2325 offered by Representative Ormsby. The proposed substitute bill is the 2020 supplemental operating budget making supplemental changes to the 2019-21 biennial budget.

The proposed substitute bill and a complete set of materials produced by the House Office of Program Research (OPR) are available at http://leap.leg.wa.gov/leap/archives/index_budgetsp.asp (under Operating Budget/House). Additional materials include:

- Agency detail showing line item policy changes by agency (and program level in selected areas such the Department of Social and Health Services, Health Care Authority, and K-12 Public Schools); and
- Supporting schedules referenced in the budget.

Budget figures typically show both total budgeted funds and the combination of accounts subject to the four year balanced budget requirement. The combination includes the following accounts: GF-S, Education Legacy Trust Account (ELTA), and the Opportunity Pathways Account.

Additional Information About This Summary Document

This summary document was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This summary document is not a part of the legislation nor does it constitute a statement of legislative intent.

This summary document includes:

- A brief summary;
- A summary grouping of expenditures by major category;
- Descriptions of selected items (a complete listing of all policy items is included as part of the agency detail document); and
- The four-year budget outlook.

Note: It is possible for similar items to be summarized in slightly different ways. For example, the agency detail document lists items on an agency-by-agency basis. This summary document may total the same item from multiple agencies into a single description. It also may summarize multiple similar items into a single description. For that reason, it is possible that budget items might be grouped differently, even within a single document.

2019-21 Omnibus Operating Budget -- 2020 Supplemental
PSHB 2325 (H-5077) by Rep. Ormsby
Funds Subject to Outlook
(Dollars In Thousands)

	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Employee Compensation (Excl. SEBB)			
PERS & TRS Plan 1 Benefit Increase	17,659	20,075	68,785
Other Increases	3,320	8,116	10,631
AG: Compensation (Incl. CBA & Non-Rep)	751	5,799	2,253
FSA/Transit Admin Transfer (Nets to Zero)	0	-12,596	0
UW Specific Salary Items/2019	-6,963	-69,086	-16,559
UW Specific Salary Items/2020	6,963	7,154	6,963
Employee Compensation (Excl. SEBB) Total	21,730	-40,538	72,073
K-12 Education			
BEST Program	1,000	1,000	3,000
Counselors/High Poverty Schools	50,929	50,929	185,761
Dual Language K-12 Grants	465	465	3,315
Local Effort Assistance	47,963	47,963	47,963
Paraeducator Training	16,954	16,954	35,383
School Nurse Corps	1,689	1,689	5,093
Student Mental Health & Safety	3,497	3,497	10,480
Updated SEBB Rate	-71,071	-71,071	-257,432
Other Increases	6,990	8,355	15,418
Pupil Transportation	68,429	68,429	113,049
Institutional Funding/Support	969	969	3,737
K-12 Education Total	127,814	129,179	165,767
Higher Education			
Job Skills Program	2,443	2,443	7,336
Other Increases	6,010	6,010	13,731
GFS Use For WEI Programs	41,342	41,342	41,342
WSIPP Evaluations & Support	1,727	1,727	3,353
Higher Education Total	51,522	51,522	65,763
Children, Youth, & Families			
Cross Agency Complex Youth	4,125	6,540	18,532
ECEAP Rate Increase	9,664	9,664	53,340
ECEAP Special Needs Children	2,220	2,220	6,688
Emergent Placement Service Beds	6,575	7,306	13,164
FFPSA Fund Shift	-4,600	0	-20,806
Foster Care Payment Increase	5,159	7,029	15,542
In-Home Services Travel Time	1,000	1,000	3,013
Juvenile Rehabilitation to 25	10,289	10,289	26,738

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Provisional Hires	4,443	4,443	4,443
Settlement Agreement	6,500	6,500	6,500
WCCC Caseload Savings Adjustment	26,312	26,312	60,044
Youth Solitary Confinement	1,171	1,171	9,529
ESIT Program Transfer	6,456	6,456	6,456
Other Increases	9,660	12,568	19,176
WCCC: Rates & Supports	68,760	68,760	185,545
WCCC: Eligibility & Utilization	3,272	3,272	14,609
WCCC Co-Pay Reduction	5,000	5,000	15,063
Waiver Shortfall/FAR	32,653	12,563	56,241
Children, Youth, & Families Total	198,659	191,093	493,817
Health Care			
Coronavirus Response	0	5,000	0
Foundational Public Health	14,527	4,000	31,847
Home Health Rates	770	1,570	3,985
Medicaid Transformation Project	0	-56,524	0
MQIP Payments	0	238,982	0
Primary Care Provider Rate	14,492	43,622	74,999
Restore Program Integrity Savings	32,030	124,996	32,030
RHC Reconciliations	34,145	40,043	34,145
Title X Program	8,400	8,400	16,853
Other Increases	17,567	43,575	40,524
DSH Delay	-37,381	56,608	-138,811
Low Income Health Care/I-502	-38,855	0	-77,526
Health Care Total	45,695	510,272	18,046
Behavioral Health			
ASO Non-Medicaid Funding	6,145	6,145	14,698
Behavioral Health Provider Rate	3,082	8,303	15,952
Criminal Justice Treatment Account	4,500	4,500	4,500
Electronic Health Record	-2,888	-2,888	-8,950
Suicide Prevention	2,046	2,046	6,164
Other Increases	6,831	14,409	16,575
State Hospital Funding	45,997	45,997	163,909
DSH Delay	-28,621	0	-88,701
Behavioral Health Total	37,092	78,512	124,145

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
<i>Long Term Care & DD</i>			
AAA Case Management	1,551	3,466	4,807
Consumer Directed Employer Program	3,794	5,635	83,486
Expanded SOLA Options	1,450	2,813	5,313
Hospital Transitions	1,900	1,900	5,888
Nursing Home Rate Increase	16,848	33,696	69,546
Restore NH Discharge Reduction	8,889	16,502	32,593
Restore Workload/Lease Funding	10,585	16,925	37,719
Service Plan Signatures	3,938	7,681	9,026
Other Increases	4,522	9,082	10,003
Asset Verification	2,446	3,284	3,789
<i>Long Term Care & DD Total</i>	55,923	100,984	262,170
<i>Corrections and Other Criminal Justice</i>			
Chemical Dependency Bed Expansion	2,162	2,162	5,367
Hepatitis C Treatment Expansion	3,957	3,957	3,957
Housing Assistance: Rental Vouchers	1,011	1,011	3,046
Supervision Changes	-5,411	-5,411	-20,723
Vacating Criminal Records	1,234	1,234	4,663
Other Increases	14,945	18,131	22,159
Other Savings	-104	-3,780	-3,029
State Toxicology Lab	3,597	3,597	6,252
Custody Staff	18,927	18,927	47,115
Health Care Staff & Related	7,864	7,864	18,062
CJTC	4,358	4,525	7,681
WASPC: Sexual Assault Investigators	3,000	3,000	3,000
<i>Corrections and Other Criminal Justice Total</i>	55,540	55,217	97,549
<i>Housing & Homelessness</i>			
Consolidated Homeless Grant	25,000	25,000	75,315
Homeless Student Stability	1,300	1,300	3,900
Housing & Essential Needs	20,000	20,000	70,315
Housing Needs Pilot Program	5,000	5,000	5,000
Housing Trust Fund Acct	60,000	60,000	60,000
HTF Preservation & Maintenance	10,000	10,000	10,000
HTF Rapid Response	15,000	15,000	15,000
HTF Shelters	15,000	15,000	15,000
Other Increases	7,713	24,196	21,777

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Permanent Supportive House Acct (\$15m/yr, 5 yrs)	75,000	75,000	75,000
Housing & Homelessness Total	234,013	250,496	351,307
Other Human Services			
Basic Food Education/Training	2,500	2,500	7,748
TANF Exemptions/Sanctions	0	0	41,081
Other Increases	5,247	17,255	7,065
Other Human Services Total	7,747	19,755	55,894
Natural Resources			
Fund Shift with ALEA	4,400	0	4,400
Local Solid Waste Financial Assist	0	9,000	0
Other Increases	3,275	10,556	6,033
Other Savings	0	-660	0
DOE: Other Increases	3,045	22,140	5,612
WDFW: Operating Budget Support	17,614	-10,750	50,794
WDFW: Other Increases	6,229	6,229	12,565
DNR: Fire Supression & Response	27,287	27,287	27,287
Natural Resources Total	61,850	63,802	106,691
All Other Policy Changes			
IT Pool	13,153	25,283	13,153
PFML Program	0	39,194	0
Self-Insurance Liability Account	60,000	60,000	60,000
Judicial: All Other Increases	2,912	2,912	5,611
Judicial: IT & Related	705	705	1,266
Other Increases	14,136	63,753	27,573
Other Savings	-1,037	-1,037	-1,037
OneWashington	0	26,748	0
Elections & Related	2,812	12,533	15,705
Dept of Revenue	8,983	9,210	19,154
AG: All Other	1,993	10,531	3,494
Central Services	22,736	41,393	65,396
Disaster Preparedness & Response	221	59,939	484
SST As Revenue Rather Than Spending	-7,079	-7,079	-20,926
Andy Hill Cancer Research Acct	5,525	-475	5,525
Gambling Revolving Account/Loan	6,000	6,000	6,000
All Other Policy Changes Total	131,060	349,610	201,398
Grand Total	1,028,645	1,759,904	2,014,619

House Office of Program Research
NGF-O = GF-S + ELT + OpPath
W1312

K-12 EDUCATION

K-12 PUBLIC SCHOOLS

Increases

Counselors for High Poverty Schools (\$50.9 million NGF-O; \$185.8 million 4-year NGF-O total)

Funding is provided to allocate an additional 0.5 FTE counselor per prototypical school for all high poverty schools to school districts. Approximately 44 percent of K-12 enrollment attend high poverty schools that would generate this increased allocation. This increases counselor staffing per prototypical school for high poverty schools above the amounts specified in RCW 28A.150.260.

Professional Development for Paraeducators (\$17.0 million NGF-O; \$35.4 million 4-year NGF-O total)

Funding is provided for two days of comprehensive training per year on the fundamental paraeducator standards beginning in the 2019-2020 school year pursuant to Chapter 237, Laws of 2017. Funding is sufficient for each paraeducator teaching in the 2019-2020 school year to complete the four-day fundamental course of study, as defined in RCW 28A.413.060, by the end of the 2020-2021 school year.

Student Mental Health and Safety (\$3.5 million NGF-O; \$10.5 million 4-year NGF-O total)

Funding is provided for an additional 2.5 FTEs per educational service district (ESD) for the Regional School Safety Center established in Chapter 333, Laws of 2019 (2SHB 1216). The 2019-21 biennial budget included 1.0 FTE per ESD. This will increase the number of Center staff to 3.5 FTEs per ESD.

School Nurse Corps (\$1.7 million NGF-O; \$5.1 million 4-year NGF-O total)

Funding is provided to increase the capacity for the School Nurse Corps to meet the registered nursing needs of small and rural schools. This funds sufficient nurse staff to provide one day of services every two weeks to each Class II school district, as well as support staff at each educational service district.

Homeless Student Stability (\$1.2 million NGF-O; \$3.9 million 4-year NGF-O total)

Funding is provided to expand the Homeless Student Stability Education Program. The program provides competitive grants for high-need school districts to supplement federal McKinney-Vento Act dollars, and to improve educational outcomes for students experiencing homelessness through increased identification and capacity building in the district's homeless education program. The program was funded at \$1.0 million per year in the 2019-21 enacted budget. This increases the funding to \$2.3 million per year beginning in FY 2021.

Institution Funding and Student Records (\$1.0 million NGF-O; \$3.7 million 4-year NGF-O total)

Funding is provided to increase resources for the differentiated instructional needs of students in institutional education programs. Funding is also provided for a student records coordinator to manage the transmission of student records with the Green Hill Academic School and Naselle Youth Camp School. The 2019 Legislature provided funding for this purpose at Echo Glen Children's Center in the 2019-21 enacted budget.

Additional Local Effort Assistance (\$48 million NGF-O)

One-time funding is provided for additional Local Effort Assistance (LEA) payments to 119 school districts in the 2020 calendar year. The amounts provided to each district are specified in LEAP Document 4, available on the LEAP website.

Transportation Funding Adjustments (\$68.4 million NGF-O; \$113 million 4-year NGF-O total)

Funding is provided for pupil transportation allocations. Included in the amount is one-time funding to offset excess transportation allocation payments by OSPI in the 2018-19 school year. The amount also includes an increase to the prior year base funding assumed in the 2019 biennial budget. Accompanying budget language restricts the ongoing allocation of pupil transportation amounts carried-over to the 2019-20 school year, specifies a maximum dollar amount for allocations in the 2020-21 school year, describes methods for limiting the allocation to state allocated salaries as required in RCW 28A.160.192, and requires the Office of Financial Management to review and make recommendation regarding the pupil transportation funding system.

Early Learning Integration (\$1.3 million NGF-O; \$1.3 million 4-year NGF-O total)

One-time funding is provided to OSPI, the Department of Children, Youth, and Families (DCYF), and the Office of Financial Management (OFM) to collaborate and complete a report with options and recommendations for administrative efficiencies and long-term strategies which align and integrate high-quality early learning programs administered by both agencies. Funding is also provided to the Washington State Institute for Public Policy (WSIPP) to study the participation in and outcomes of transitional kindergarten programs across the state.

Savings

School Employees' Benefits Board (-\$71.1 million NGF-O; -\$257.4 million 4-year NGF-O total)

Following the results of benefits procurement and open enrollment, costs are expected to be lower than projected in the biennial operating budget. The monthly per eligible employee funding rate charged to school districts for health and insurance benefits at the School Employees' Benefits Board (SEBB) is reduced for the 2020-21 school year from \$1,056 to \$1,000. Budget savings are from adjusting school district allocations to match reduced charges from Health Care Authority for the funding rate. The reduced funding rate also applies to eligible employees supported by local funds. In addition, the Legislature assumes that reserves for the self-insured portion of the SEBB program will be gradually accumulated during the first several years of operation, and that medical inflation in the self-insured portion of the program will be approximately 4 percent per year.

HIGHER EDUCATION

Increases

Transfer to the Workforce Education Investment Account (\$42.3 million NGF-O one-time)

Funding is provided from General Fund-State to the Workforce Education Investment Account (WEIA). The WEIA funds the Washington College Grant (WCG), formerly the State Need Grant. Funding supports, among other programs, the expansion of the income eligibility of the WCG to 100 percent median family income in the 2020-21 academic year. Revenue assumed in Chapter 406, Laws of 2019 (E2SHB 2158) was lower than expected. Chapter 2, Laws of 2020 (ESSB 6492) increased revenue going into WEIA to better align revenues with expenditures, but a shortfall remained in the current biennium that is addressed by this transfer.

HEALTH CARE

Increases

Program Integrity Savings Restoration (\$32.0 million NGF-O; \$93.0 million General Fund-Federal; \$32.0 million 4-year NGF-O total)

Funding is provided to restore assumed program integrity savings that will not be realized at the levels or within the timeframes originally anticipated.

Provider Rate Increases (\$17.6 million NGF-O; \$34.4 million General Fund-Federal; \$91.0 million 4-year NGF-O total)

Funding is provided to maintain and increase access for primary care and behavioral health services for Medicaid-enrolled patients through increased provider rates.

Health Clinic Reconciliations (\$37.3 million NGF-O; \$13.2 million General Fund-Federal; \$37.3 million 4-year NGF-O total)

Funding is provided to reconcile payments with rural health clinics (RHCs) and federally qualified health clinics (FQHCs) for services provided for Medicaid patients. For RHCs, one-time funding is provided for a compromise in claims for rural health clinic reconciliations for calendar year 2014 to calendar year 2017. For FQHCs, funding is provided to reconcile amounts owed to participating APM4 clinics which exceeded original expectations for costs reported for 2017 and 2018 and estimated through 2019.

Children's Health Insurance Program Coverage (\$1.0 million NGF-O; \$1.0 million General Fund-Federal; \$7.0 million 4-year NGF-O total)

The Children's Health Insurance Program (CHIP) provides low-cost health coverage to children in families that earn too much money to qualify for Medicaid. Washington's CHIP covers kids from families with incomes between 133 percent of the federal poverty level (FPL) to 300 percent of the FPL. Funding is provided to maintain CHIP coverage as a secondary payer for eligible child dependents of employees eligible for school employee or public employee benefit coverage.

Health Homes Rate Increase (\$1.6 million NGF-O; \$1.3 million General Fund-Federal; \$3.3 million 4-year NGF-O total)

The Health Homes program integrates care within existing systems for high-risk, high-cost adults and children, including clients that are dually eligible for Medicare and Medicaid. Funding is provided for an actuarial analysis in support of a rate increase for Health Home Lead and Care Coordination Organizations serving dually eligible Medicare-Medicaid clients. The Centers for Medicare and Medicaid Services shares savings experienced by the Medicare program with Washington's Medicaid budget due to the success of the Health Homes program. Savings are anticipated to increase in the 2021-23 biennial budget as a result of the Health Home rate increase investment made in the 2020 supplemental budget.

Medicaid Quality Improvement Program (\$169.7 million General Fund-Federal; \$69.3 million General Fund-Local)

The Medicaid Quality Improvement Program (MQIP) will be used to support the Medicaid Transformation waiver implemented in the 2017-19 biennial budget. Under MQIP, Medicaid managed care organizations (MCOs) are responsible for partnering with participating public hospitals and Accountable Communities of Health organizations to implement certain activities that reinforce the delivery of quality health care and support community health.

Savings

I-502 Revenue (-\$38.9 million NGF-O; \$3.5 million Dedicated Marijuana Account-State; \$35.3 million Basic Health Plan Trust Account-State; -\$77.5 million 4-year NGF-O total)

Initiative 502, passed by voters in 2012, authorizes the regulation, sale, and taxation of marijuana for adults over the age of 21. The initiative directed a portion of the tax revenue to fund primary, dental, migrant, and maternity health care services through contracts with community health centers. It also directed a portion of revenue to the Basic Health Plan Trust Account. The Basic Health Plan was eliminated on January 1, 2014, and replaced by the Medicaid expansion and subsidized coverage sold through the Health Benefit Exchange. As in past budgets, these funds are used to support the provision of services to Medicaid clients.

Disproportionate Share Hospital Funding Delay (-\$66.0 million NGF-O; \$122.6 million General Fund-Federal; -\$216.5 million 4-year NGF-O total)

Under the Affordable Care Act, disproportionate share hospital (DSH) funding was scheduled to be reduced beginning in 2014. The federal government has repeatedly extended this reduction (most recently until May 23, 2020). Funding is adjusted for both the certified public expenditure hold harmless payment and federal DSH appropriation in anticipation of another federal extension. These figures include savings assumed in both the Health Care Authority and the Department of Social and Health Services.

BEHAVIORAL HEALTH

Increases

State Hospital Operations and Safety (\$46.0 million NGF-O; \$163.9 million 4-year NGF-O total)

Funding is increased to continue implementation of a new staffing model at the state hospitals and for a variety of safety initiatives. Some current funding for staffing provided on a one-time basis is made ongoing. In addition to increasing funding for the staffing model, a variety of initiatives are funded to improve patient and staff safety.

Administrative Services Organization Funding (\$6.1 million NGF-O; \$14.7 million 4-year NGF-O total)

Funding is provided to increase grants to Behavioral Health Administrative Service Organizations for crisis and other community behavioral health services to individuals not covered by the Medicaid program.

Criminal Justice Treatment Account (\$4.5 million NGF-O; \$4.5 million 4-year NGF-O total)

A one-time appropriation is provided for the Criminal Justice Treatment Account in order to increase resources available to support drug courts and for delivering treatment and recovery support services to persons within the criminal justice system with substance use disorders.

Substance Use Disorder Coverage (\$0.8 million NGF-O; \$2.3 million General Fund-Federal, \$3.8 million 4-year NGF-O total)

Funding is provided for implementation of Engrossed Substitute House Bill No. 2642 (substance use disorder coverage). Prior authorization requirements for substance use disorder treatment services are limited and minimum coverage times are established for some services.

Behavioral Health Ombuds (\$0.6 million NGF-O; \$1.4 million General Fund-Federal, \$2.8 million 4-year NGF-O total)

Funding is provided for implementation of Second Substitute House Bill No. 2386 which eliminates regional behavioral health ombuds services and establishes the State Office of the Behavioral Health Ombuds to coordinate activities of behavioral health ombuds across the state.

DEPARTMENT OF SOCIAL & HEALTH SERVICES

LONG TERM CARE & DEVELOPMENTAL DISABILITIES

Increases

Consumer-Directed Employer Program (\$3.8 million NGF-O; \$1.8 million other funds; \$83.5 million 4-year NGF-O total)

Funding is provided to implement the Consumer-Directed Employer (CDE) contract. A single statewide vendor has been selected to perform administrative functions for the individual providers who provide in-home care services for Medicaid clients.

Nursing Home Rate Increase (\$16.8 million NGF-O; \$16.9 million other funds; \$69.5 million 4-year NGF-O total)

Funding is provided to increase Medicaid rates for nursing homes. A one-time inflation adjustment is made in FY 2021, and the dollar amount of this adjustment carries forward into subsequent fiscal years as a rate add-on. Further, it is the intent of the Legislature to rebase rates in FY 2022, in addition to the rate rebase that will take place in FY 2023 under current law.

Restore Prior Reductions (\$19.5 million NGF-O; \$13.9 million other funds; \$70.3 million 4-year NGF-O total)

Funding is provided to restore reductions made in the enacted 2019-21 operating budget, including for staff to serve clients with long-term care needs or developmental disabilities, and for an assumed reduction in the nursing home caseload.

State-Operated Living Alternatives and Client Transitions (\$3.2 million NGF-O; \$2.6 million other funds; \$11.4 million 4-year NGF-O total)

Funding is provided to expand the number of state-operated living alternative (SOLA) placements for children and adults, including adults transitioning from Residential Habilitation Centers (RHCs). Funding is also provided to increase the number of family mentors, who support clients transitioning from RHCs to the community, from four mentors to six mentors.

Service Plan Signatures (\$3.9 million NGF-O; \$3.8 million other funds; \$9.0 million 4-year NGF-O total)

Funding is provided to support compliance with a federal regulation that requires that provider signatures be gathered on the individual service plans for in-home and community-based Medicaid clients.

Hospital Transitions (\$1.9 million NGF-O; \$5.9 million 4-year NGF-O total)

Funding is provided to station coordinators at acute care hospitals to facilitate the discharge of Medicaid clients to appropriate community settings following hospitalization.

Area Agencies on Aging Case Management (\$1.6 million NGF-O; \$1.9 million other funds; \$4.8 million 4-year NGF-O total)

Funding is provided for 27 additional Area Agencies on Aging case managers to serve long-term care clients living in their own homes with mental health needs.

OTHER HUMAN SERVICES

DEPARTMENT OF HEALTH

Increases

Foundational Public Health (\$14.5 million NGF-O; -\$10.5 million Foundational Public Health-State; \$31.8 million 4-year NGF-O total)

The 2019-21 enacted budget increased funding for foundational public health by \$22 million (\$10 million from General Fund-State and \$12 million from a tax on certain vapor products). Because of changing regulatory and market conditions, revenue from vapor products is expected to generate \$1.5 million rather than \$12.0 million. The resulting \$10.5 million shortfall is replaced with General Fund-State. In addition, \$4 million per year General Fund-State, beginning in FY 21, is provided for foundational public health.

Coronavirus Response (\$5.0 million Disaster Reponse)

Funding is provided to respond to the coronavirus by the Department of Health and local health jurisdictions.

Suicide Prevention (\$2.0 million NGF-O; \$6 million 4-year NGF-O)

Funding is provided for coordination efforts by the Department of Health, grants to tribal nations and for a pilot project to prevent suicides in the agricultural industry.

Title X Program (\$8.4 million NGF-O; \$16.8 million 4-year NGF-O)

Funding is provided to replace federal grant funding for the Department of Health's Family Planning Program.

Lead in School Drinking Water (0.3 million; \$2.2 million 4-year NGF-O)

Funding is provided for the sampling and testing of drinking water at Washington K-12 public schools, for consultation regarding the development of school action plans, and for communications with school staff and with parents.

Preventable Hospitalizations (\$0.8 million; \$2.3 million 4-year NGF-O)

Funding is provided to continue the collaboration between local health jurisdictions, Accountable Communities of Health, and health care providers to reduce potentially preventable hospitalizations in Pierce County.

EARLY LEARNING & CHILD CARE

Increases

Working Connections Child Care (WCCC) Rate Increases (\$57.7 million NGF-O; \$174.0 million 4-year NGF-O total)

Funding is provided to bring child care rates to the 75th percentile of the market, based on the 2018 child care market survey, once subsidy providers reach level 2 in the Early Achievers program. Funding is also provided for a \$300 per month per child in foster care subsidy rate enhancement, as well as funding to increase the non-standard hours bonus for centers from \$75 to \$105 per month per child.

Early Childhood and Education Assistance Program (ECEAP) Rate Increases (\$11.9 million NGF-O; \$60.0 million 4-year NGF-O total)

The ECEAP program provides preschool and wrap-around services to low-income 3 and 4 year olds. Funding is provided for a seven percent rate increase in FY 2021, followed by an additional seven percent increase in FY 2022. An additional rate enhancement is also included for ECEAP providers who have students with special needs, including behavioral challenges.

WCCC Copayments Relief (\$5.0 million NGF-O; \$15.0 million 4-year NGF-O total)

Funding is provided to the Department of Children, Youth, and Families (DCYF) to adjust the monthly copayments for families currently participating in the WCCC program as they begin to approach the income eligibility threshold.

WCCC Eligibility (\$3.3 million NGF-O; \$14.6 million 4-year NGF-O total)

Funding is provided to increase eligibility for the WCCC program, including funding to support parents experiencing homelessness and parents currently enrolled in high school. Funding is also provided for Engrossed Substitute House Bill 2471 (Working Connections Payments) which requires a household's twelve-month authorization for the WCCC program to begin on the date that child care is expected to begin.

Early Learning and Child Care Provider Support (\$11.1 million NGF-O; \$11.8 million 4-year NGF-O total)

Funding is provided to support early learning and child care providers, including one-time scholarships for early learning providers to meet licensing requirements or ECEAP staff qualifications, and scholarships for aligning with new environmental and educational standards. Funding is also provided for the community-based training pathway created in Substitute House Bill 2556 (Early learning provider regs) and the pilot project created in House Bill 2619 (Early learning access) for a dual license for individuals providing child care and foster care.

Early Support for Infants and Toddlers (ESIT) (\$6.5 million NGF-O; \$6.5 million 4-year NGF-O total)

The ESIT program provides early intervention services for children birth to three with developmental delays or disabilities. Funding for the program is transferred from the Office of the Superintendent of Public Instruction (OSPI) to DCYF beginning September 1, 2020. Additional one-time funding is provided to shift the program from a school year to a fiscal year schedule.

WELFARE OF CHILDREN

Increases

Family Assessment Response & Waiver Shortfall (\$32.7 million NGF-O; -\$20.1 million other funds; \$56.2 million 4-year NGF-O total)

Ongoing state funding is provided to maintain Family Assessment Response (FAR), a child protective services response for lower-risk cases of potential child abuse and neglect, following the close of the federal Title IV-E waiver. Additional one-time state funding is provided in FY 2020 to support the Department's ability to close the fiscal year in balance.

Complex Youth & Emergent Services (\$9.2 million NGF-O; \$1.9 million other funds; \$26.4 million 4-year NGF-O total)

Funding is provided to expand and enhance services for dependent youth with behavioral health needs. This includes funding to increase the number of Emergent Placement Services (EPS) beds, which provide short-term placements for dependent youth on a 24/7 basis, and to develop contracts for EPS-Plus and Behavioral Rehabilitation Services-Plus for dependent youth who require specialized services and high staffing ratios.

Vendor Rate Increases (\$6.7 million NGF-O; \$1.9 million other funds; \$20.1 million 4-year NGF-O total)

Funding is provided to increase the basic foster care maintenance payment rate, and to increase rates paid to child-placing agencies and for in-home service providers' travel time.

Savings

Family First Prevention Services Act (-\$4.6 million NGF-O; \$4.6 million other funds; -\$20.8 million 4-year NGF-O total)

Federal IV-E funding available under the Family First Prevention Services Act is leveraged to support the use of preventative interventions for children who are at risk of foster care placement and their families.

DEPARTMENT OF VETERANS ADMINISTRATION

Increases

Institutional Services (\$0.5 million; \$9.2 million other funds)

Federal funding authority is increased as the number of clients served at the four state skilled nursing facilities for veterans has increased. Funding is also provided for a Veterans' Home Operations Director position to provide leadership for the skilled nursing facilities. Funding is also provided to create the statewide positions of LGBTQ Veteran Coordinator and Military Spouse Liaison. In addition, funding is provided for an agriculture grant program, and a veterans' case manager grant for homeless veterans transitioning into housing.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Increases

Temporary Assistance for Needy Families (\$0.9 million NGF-O; \$41.7 million 4-year NGF-O total)

Exemptions to the 60-month time limit are expanded, including an exemption for individuals who are homeless, and the sanctions for WorkFirst program are modified with an anticipated increase in caseload for the TANF program. The definition of homelessness is expanded to include individuals without permanent housing.

Basic Food and Education Training (\$2.5 million; \$7.5 million 4-year NGF-O total)

Funding is provided for increased services for education and skills training for participants in the Supplemental Nutrition Assistance Program.

PUBLIC SAFETY AND THE JUDICIARY

CRIMINAL JUSTICE TRAINING COMMISSON

Increases

Sexual Assault Investigations (\$3.0 million NGF-O; \$3.0 million 4-year NGF-O total)

Funding is provided to the Washington Association of Sheriffs and Police Chiefs (WASPC) to assist local law enforcement agencies in reinvestigating older sexual assault cases, and to provide support to survivors of sexual assault offenses. WASPC must provide a report on the progress of the testing of the sexual assault kits and the associated reinvestigations by June 30, 2021.

Law Enforcement and Corrections Officer Training (\$1.8 million NGF-O; \$.5 million other funds; \$3.3 million 4-year NGF-O total)

Funding is provided for two additional Basic Law Enforcement Academy classes each fiscal year, increasing the number of classes from 19 to 21. In addition, funding is provided to implement Substitute House Bill 2400 (Correction officer certification) that requires corrections officers working in local adult jail and detention facilities to obtain certification and that extends the basic corrections officer training from six to 10 weeks in length.

DEPARTMENT OF CORRECTIONS

Savings

Supervision Changes (-\$1.5 million NGF-O; -\$20.7 million 4-year NGF-O total)

The community supervision and violator populations are reduced through sentencing changes that include concurrent supervision, positive achievement time, and swift and certain sanctioning reforms. The net savings is a result of these changes and the funding of additional staff and resources for community supervision.

Increases

Custody Staffing (\$18.9 million NGF-O; \$47.1 million 4-year NGF-O total)

Funding is provided for additional staff identified during a consultant review of the Department of Corrections' prison staffing model. Funding is also provided to increase the officer duty relief factor by 7.8 percent in the department's prison staffing model.

Health Care Delivery (\$12.2 million NGF-O; \$22.5 million 4-year NGF-O total)

Funding is provided to incorporate patient safety reporting and clinical oversight, as well as to pursue accreditation and to pilot a patient advocacy program at the Monroe Correctional Center and the Washington State Corrections Center for Women. Funding is also provided for additional medical staff. Funding is provided to increase the amount of Hepatitis C treatments administered to incarcerated individuals.

Chemical Dependency Bed Expansion (\$2.1 million NGF-O; \$5.3 million 4-year NGF-O total)

Funding is provided to add 34 Residential Drug Offense Sentencing Alternative (DOSA) and intensive inpatient chemical dependency beds in the community.

JUVENILE REHABILITATION ADMINISTRATION

Increases

JR to 25 (\$10.3 million NGF-O; \$26.7 million 4-year NGF-O total)

In 2019, legislation was enacted that requires individuals convicted in adult court of a crime that was committed while under age 18 to remain in the custody of the Juvenile Rehabilitation Administration until the individual reaches age 25. Due to larger than expected caseload increases as a result of the enactment of E2SHB 1646 (Chapter 322, Laws of 2019), additional funding is provided for staffing, programming, evaluation of placement and legal sentence reviews. Programming services include post-secondary education, pre-apprenticeship training, trades exploration, and independent living skills.

Youth Solitary Confinement (\$1.2 million NGF-O; \$9.5 million 4-year NGF-O total)

Funding is provided to implement a system that eliminates the use of juvenile solitary confinement in juvenile detention and juvenile rehabilitation institutions.

WASHINGTON STATE PATROL

Increases

Toxicology Lab and Staffing (\$3.6 million NGF-O; \$6.3 million 4-year NGF-O total)

Funding is provided to open a second toxicology lab facility and associated staff. Funding is also provided for toxicology lab casework backlog outsourcing.

Vacating Criminal Records (\$1.2 million NGF-O; \$4.7 million 4-year NGF-O total)

Funding is provided for the Administrative Office of the Courts and the Washington State Patrol to implement a system by which criminal convictions are reviewed to determine whether sentencing courts should schedule those convictions for administrative vacation hearings.

NATURAL RESOURCES

Increases

Local Solid Waste Financial Assistance (\$9.0 million Model Toxics Control Operating Account)

The Department of Ecology's Local Solid Waste Financial Assistance program helps fund county solid waste management programs, including recycling, trash collection, and hazardous waste cleanup. Funding for this program is increased on an ongoing basis.

Fire Suppression (\$29.3 million NGF-O; \$29.3 million 4-year NGF-O total)

Funding is provided for the costs of fire suppression at the Department of Natural Resources (DNR) in Fiscal Year 2020 which have exceeded the funding provided in the underlying budget.

Fund Shifts

Department of Fish and Wildlife Operating Budget Support (\$17.6 million NGF-O; -\$17.6 million other funds; \$50.8 million 4-year NGF-O total)

Amounts appropriated from the State Wildlife Account and federal funds have been increasing faster than revenue in recent years. A portion of these costs are shifted to the State General Fund on an ongoing basis.

Aquatic Lands Enhancement Account (\$4.4 million NGF-O; -\$4.4 million Aquatic Lands Enhancement Account; \$4.4 million 4-year NGF-O total)

Revenue projections have decreased in the Aquatic Lands Enhancement Account (ALEA), which is partly funded by sales of geoduck to overseas markets. A portion of DNR's ALEA appropriation is shifted to the State General Fund.

HOUSING AND HOMELESSNESS

Increases

Housing Trust Fund (\$100 million NGF-O)

Total funding of \$100 million General Fund-State is deposited into the Washington Housing Trust Account for the Washington Housing Trust Fund Program within the Department of Commerce. Funding will be used for capital projects addressing affordable housing and homelessness. Of the funding provided, \$15 million is provided for preserving affordable housing that is at risk of losing affordability; \$15 million is provided for adult, family, and youth shelters; and \$10 million is provided for housing preservation grants or loans.

Permanent Supportive Housing (\$75 million NGF-O)

Total funding of \$75 million General Fund-State is deposited into the new Permanent Supportive Housing Assistance Account to support the operations, maintenance, and services of permanent supportive housing units. The amount deposited will support expenditures from the account of \$15 million per fiscal year for five years beginning in fiscal year 2021.

Consolidated Homeless Grant (\$25 million NGF-O; \$75.3 million 4-year NGF-O total)

Additional funding is provided for the Consolidated Homeless Grant in the Department of Commerce. Grant recipients must prioritize funding for shelters and related services.

Housing and Essential Needs (\$20 million NGF-O; \$70.3 million 4-year NGF-O total)

Additional funding is provided for the Housing and Essential Needs Program (HEN) in the Department of Commerce.

Housing Needs Pilot Program (\$5 million NGF-O)

One-time funding is provided for a pilot program in the Department of Commerce to address the immediate housing needs of low- or extremely low-income elderly or disabled adults living in certain counties.

Supplied Shelter Grants (\$2.6 million NGF-O, \$1.4 million other; \$7.8 million 4-year NGF-O total; \$4.3 million 4-year other)

Funding is provided to eliminate the tiered cash grant for individuals in the Temporary Assistance to Needy Persons, State Family Assistance, Pregnant Women Assistance, Refugee Cash Assistance, and the Aged, Blind, and Disabled programs who do not pay shelter costs; they will receive the full grant. Funds are also provided for elimination of the mid-certification review for the aged population and to restore individuals to the program who lost benefits as a result of the review.

Other Homelessness and Housing (\$4.1 million NGF-O; \$9.9 million 4-year NGF-O total)

Funding is provided for other homelessness and housing programs. Examples include a pilot program providing non-time limited beds for non-state dependent homeless youth, foreclosure prevention services, and a grant for a centralized diversion fund to serve homeless or at-risk youth and young adults.

GENERAL GOVERNMENT AND OTHER

Increases

Diversity, Equity, and Inclusion Programs (\$4.1 million NGF-O; \$6.2 million other funds; \$10.5 million 4-year NGF-O total)

Funding is provided for a new state equity office and other diversity, equity, and inclusion services. These include providing DEI training to state agencies, improving data collection and reporting capabilities, and creating a social equity program to distribute marijuana retailer licenses.

Andy Hill Cancer Research Endowment Program (\$5.5 million NGF-O; \$6.9 million other funds)

A total of \$5.5 million General Fund-State is appropriated into the Andy Hill Cancer Research Endowment Match Transfer Fund Account (Andy Hill Account) to support the Andy Hill Cancer Research Endowment Program. Total expenditure authority of \$6.9 million is provided from the Andy Hill Account for grants and administrative costs associated with the program.

One Washington Program (\$26.7 million other funds)

Funding is provided to continue implementation activities in the One Washington program and begin replacement of the Agency Financial Reporting System (AFRS) with an Enterprise Resource Planning (ERP) solution. Funding is also provided for staffing to support migration from AFRS to the new system.

Revenue Legislation Funding (\$5.4 million NGF-O; \$8.2 million 4-year NGF-O total)

Funding is provided to implement legislation impacting revenue passed in the 2019 session and for the estimated cost of legislation impacting revenue in the 2020 session.

Self-Insurance Liability Account (\$60 million NGF-O)

In addition to the agency premium payments made by state agencies, funding is appropriated into the Self-Insurance Liability Account, which pays for settlements, judgements, and defense costs arising from tort claims made against the state.

Disaster Response Account (\$57.5 million other funds)

Disaster Response Account expenditure authority of \$57.5 million is provided for the Military Department to continue managing recovery projects for 14 open presidentially-declared disasters. Funding is also transferred from the state general fund to the disaster response account to support a portion of these costs.

Information Technology Pool (\$13.1 million NGF-O; \$12.1 million other funds)

Funding is provided for information technology projects that are subject to Office of the Chief Information Officer (OCIO) oversight.

Election Cost Reimbursement to Local Governments and Grants to Local Governments (\$2.2 million NGF-O; \$9.7 million other; \$12.2 million NGF-O 4-year)

Funding is provided to reimburse local jurisdictions for the state's portion of election costs in even-numbered years and for voter outreach and education. Funding is also provided for election security grants to county auditors for election security improvements and for a performance audit of the ballot rejection rates in ten counties for the 2020 general election.

PERS and TRS Plan 1 - 3 percent increase (\$17.6 million NGF-O; \$68.8 million 4-year NGF-O total)

Funding is provided assuming passage of Engrossed House Bill 1390 (PERS/TRS 1 benefit increase). The bill provides retirees of Plan 1 of the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) who are receiving a monthly benefit on July 1, 2019 a one-time benefit adjustment of three percent multiplied by their monthly benefit, not to exceed \$62.50, effective July 1, 2020. Employer contribution rates in TRS increase by 0.23 percent, effective September 1, 2020, and for the PERS UAAL rate (paid in PERS, the School Employees' Retirement System, and the Public Safety Employees' Retirement System) by 0.11 percent on July 1, 2020.

2019-21 Omnibus Operating Budget -- 2020 Supplemental
Proposed Substitute House Bill 2325 (H-5077)

Funds Subject to Outlook

(Dollars in Millions)

	2019-21			2021-23		
	FY 2020	FY 2021	2019-21	FY 2022	FY 2023	2021-23
Beginning Balance	1,981	1,954	1,981	627	118	627
Current Revenues	25,874	26,466	52,339	27,657	28,901	56,558
February 2020 Revenue Forecast (NGF-O)	25,874	26,466	52,339	27,388	28,301	55,690
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	268	600	868
Other Resource Changes	-138	-188	-326	-137	-221	-358
GF-S Transfer to BSA (1%)	-248	-257	-505	-266	-275	-542
Prior Period Adjustments	20	20	41	20	20	41
Proposed Fund Transfers	0	-13	-13	3	0	3
Budget Driven Revenue	-2	-5	-7	-2	-2	-4
Other Legislation	0	-50	-50	-38	-33	-71
Enacted Fund Transfers	91	118	209	147	68	215
Total Revenues and Resources	27,717	28,232	53,995	28,147	28,798	56,827
Enacted Appropriations	25,571	26,928	52,499	27,789	28,482	56,271
Maintenance Level Total	72	72	144	-147	-150	-297
K-12 Education	7	-40	-33	-187	-211	-398
Low Income Health Care & Comm Behavioral Health	105	147	252	146	147	292
Social & Health Services	-2	17	15	14	14	28
Higher Education	-6	5	-1	0	0	1
Corrections	2	13	15	8	9	17
All Other	-22	-41	-64	-41	-32	-74
Debt Service	-12	-28	-40	-27	-18	-45
Employee Health & Benefits	0	0	0	-60	-59	-119
Policy Level Total	287	742	1,029	490	496	986
K-12 Education	82	116	199	106	120	226
SEBB Rate	0	-71	-71	-93	-94	-186
Low Income Health Care & Comm Behavioral Health	16	14	30	-19	-16	-35
Social & Health Services	24	57	80	169	151	320
Higher Education	39	12	51	3	2	5
Corrections	16	25	41	18	19	37
All Other	110	588	698	307	312	620
Reversions	-166	-137	-303	-103	-89	-192
Revised Appropriations	25,763	27,605	53,368	28,029	28,739	56,768
Projected Ending Balance	1,954	627	627	118	59	59
Budget Stabilization Account						
Beginning Balance	1,618	1,894	1,618	2,180	2,481	2,180
GF-S Transfer to BSA (1%)	248	257	505	266	275	542
Interest Earnings	28	29	56	35	46	81
Budget Stabilization Account Ending Balance	1,894	2,180	2,180	2,481	2,802	2,802
Total Reserves	3,848	2,807	2,807	2,599	2,861	2,861

Fund Transfers, Revenue Legislation, and Budget Driven Revenues

Proposed Substitute House Bill 2325 (H-5077)

Funds Subject to Outlook

(Dollars in Millions)

	Account	2019-21	2021-23
Fund Transfers			
Disaster Response Account	GF-S	-19.274	2.725
Gambling Revolving Account (Loan Repayment Per ESHB 2638)	GF-S	6.000	0.000
Sea Cucumber Dive Fishery Account	GF-S	-0.004	0.000
Sea Urchin Dive Fishery Account	GF-S	-0.001	0.000
SubTotal		-13.279	2.725
Budget Driven Revenue			
HB 2870 Marijuana retail licenses	GF-S	2.507	9.980
Marijuana Related Revenue Distribution to Counties	GF-S	-3.500	-7.000
Liquor Control Board (Marijuana)	GF-S	-3.732	-5.635
Liquor Control Board (Liquor)	GF-S	-2.114	-1.039
Lottery	OPA-S	-0.013	-0.049
SubTotal		-6.852	-3.743
Other Legislation			
HB 1368 Cooperative finance org B&O	GF-S	-0.148	-0.394
HB 1659 Health Sciences auths/taxes	GF-S	0.000	-1.723
HB 1948 Warehouse & manuf. jobs	GF-S	-7.079	-13.760
HB 2032 Convention cntrs tx/deferral	GF-S	-29.950	-14.979
HB 2230 Indian tribe-owned property	GF-S	-0.210	-0.790
HB 2248 Community solar projects	GF-S	-0.300	-4.400
HB 2486 Electric marine batteries	GF-S	-0.380	-7.830
HB 2634 Affordable housing/REET	GF-S	-0.404	-0.916
HB 2634 Affordable housing/REET	ELTA-S	-0.089	-0.202
HB 2797 Housing/sales use tax	GF-S	-0.500	-2.000
HB 2803 Indian tribes compact/taxes	GF-S	-4.140	-8.520
HB 2804 Local government infrastructure	GF-S	0.000	-0.998
HB 2867 Tax interest calculation	GF-S	-0.126	-0.126
HB 2880 Aircraft fuel tax/research	GF-S	0.000	-0.180
HB 2903 Auto dealers/cash incentives	GF-S	-0.736	-3.827
HB 2919 REET County Fees	GF-S	-0.521	-0.983
HB 2919 REET County Fees	ELTA-S	-0.114	-0.216
HB 2931 Multipurpose facilities/tax	GF-S	-1.498	-0.200
HB 2943 Behavioral Health Admin Orgs	GF-S	-4.100	-9.000
SubTotal		-50.295	-71.044
Grand Total		-70.426	-72.062