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# Proposed Operating Budget Compromise

(Striking Amendment H-4773.2 to ESHB 2376)

## Summary

March 28, 2016

Office of Program Research



# Summary

## **Context**

In June 2015, the legislature adopted the biennial operating budget for the 2015-17 biennium. The budget for Near General Fund - State plus Opportunity Pathways accounts (NGF-P) for 2015-17 is \$38.2 billion. All budgeted funds, which include NGF-P, federal funds, several higher education funds, and numerous dedicated funds, totaled \$78.9 billion for the 2015-17 biennium.

Since the biennial budget was adopted last June, there are \$270 million in additional NGF-P resources for the current biennium (primarily from revenue forecast updates and the FY 2015 closing). At the same time, projected NGF-P maintenance level costs (primarily caseload and per capita cost changes for entitlement programs) increased by \$203 million.

In addition to considering these resource and maintenance level changes, there are a number of prominent policy issues that have a budget impact; these include court cases related to mental health, Moore v. HCA related to employee benefits, as well as forest fire costs and other fiscal and policy issues.

## **Summary of the Striking Amendment to ESHB 2376 (proposed budget compromise agreement)**

The striking amendment makes the following supplemental NGF-P changes to the enacted 2015-17 biennial operating budget:

**Spending changes:** \$191 million net increase in spending as follows:

- \$203 million in increased maintenance level costs (\$36 million was already set aside for this purpose);
- \$248 million in NGF-P policy adds, including:
  - \$15 million for K-12 (including \$5 million for staff recruitment and retention and a net increase of \$4 million for Charter Schools);
  - \$31 million for higher education (including \$18 million for the State Need Grant and \$8 million for the College Affordability Program backfill);
  - \$16 million for early learning and child care (including \$13 million for the family child care provider collective bargaining agreement);
  - \$37 million for health care (including \$28 million for expected savings in Healthier Washington and from a federal waiver that were not realized, \$4 million for health home services, and \$4 million for vendor rate increases);

- \$41 million for mental health (including \$11 million for transitional support for Western State Hospital, \$10 million for compensation increases, \$7 million for a new Behavioral Health Innovation Fund, and \$7 million for state hospital RN staff).
  - \$31 million for programs and services for long term care and developmentally disabled persons (including \$29 million for Individual Provider overtime consistent with recent federal rule changes);
  - \$9 million for criminal justice;
  - \$17 million for other human services (including \$5 million for a Medicaid cost allocation correction and \$4 million for Special Commitment Center increases);
  - \$6 million for natural resources; and
  - \$48 million for other policy increases (including \$32 million for the Moore v. HCA lawsuit settlement).
- \$ 260 million in NGF-P policy savings, including:
    - \$7 million savings in higher education from a funding shift (some maintenance and operations costs are funded by the Education Construction Account instead of GF-S on a one-time basis);
    - \$12 million savings in early learning and child care (\$10 million from use of federal funds rather than GF-S);
    - \$25 million savings in mental health (\$11 million from reserves being returned by the Southwest Washington RSN as it transitions to an early adopter of integrated physical and behavioral health care, and \$14 million in one-time savings and underspends);
    - \$71 million savings in other human services (including \$41 million from utilizing a WorkFirst fund balance, \$17 million from utilization of the Administrative Contingency Fund on a one-time basis, and \$8 million utilizing a TANF underspend);
    - \$36 million savings in natural resources (including \$27 million in funding provided through the Budget Stabilization Account and Disaster Response Account for fires, and \$7 million from unspent funds provided for drought response); and
    - \$31 million savings in other areas (including \$22 million in various shifts of program funding to other funds and \$8 million from funding the budgeting, accounting, and forecasting responsibilities of the Office of Financial Management as a central service).

**Resource changes:** \$105 million net increase in resources as follows:

- \$29 million in additional net fund transfers to GF-S, including, \$16 million from the Public Works Assistance Account.
- \$78 million in net budget driven revenue and other changes, including:
  - \$46 million in budget driven revenue from royalty payments;
  - \$34 million from audit payments; and
  - \$3 million from an Attorney General lawsuit settlement.
- -\$2.5 million net in legislation impacting revenues.

The proposed striking amendment to ESHB 2376 (and related balance sheet assumptions) leaves \$577 million in projected NGF-S ending fund balance for 2015-17 and total reserves of \$1,278 million (including the Budget Stabilization Account).

**The four-year outlook** - The striking amendment, under the provisions of the four-year budget outlook (Chapter 8, Laws of 2012), is projected to end the 2017-19 biennium with \$9 million in NGF-P ending fund balance (and \$1,152 million in total reserves).

### **Substitute House Bill 2988**

Fire related appropriations of \$190 million are made from the Budget Stabilization Account in the proposed striking amendment to Substitute House Bill 2988.

### **Striking Amendment to ESHB 2376 (proposed budget compromise agreement) compared to ESHB 2376 (as passed House)**

ESHB 2376 assumed additional resources of \$178 million (\$120 million from assumed revenue related legislation dedicated to K-12 education and \$58 million from fund transfers and other adjustments), while the proposed striking amendment has \$105 million in additional resources as described above. Net policy level spending in ESHB 2376 is \$248 million, while net policy level spending in the proposed striking amendment is -\$12 million.

ESHB 2376 assumed appropriations from the Budget Stabilization Account of \$318 million would be made in another piece of legislation (SHB 2988). SHB 2988 appropriated from the Budget Stabilization Account \$190 million for fires and other disasters, \$91 million to the Local Effort Assistance Account for K-12 levy assistance, and \$37 million to the Housing Assistance Account for homeless services and programs. The proposed striking amendment to SHB 2988 retains the \$190 million appropriation for fires and other disasters from the Budget Stabilization Account but removes appropriations made from the Budget Stabilization Account for K-12 levy assistance and homelessness.

## **Additional Information**

### **Additional Information Regarding This Proposal**

This information is provided in explanation of the striking amendment to ESHB 2376 (proposed budget compromise agreement). The striking amendment makes supplemental changes to the 2015-17 biennial budget.

The striking amendment 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](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 and K-12 Public Schools);
- A detailed four-year budget outlook; and
- Supporting schedules referenced in the budget.

### **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 introduction;
- A balance sheet and supporting materials;
- Descriptions of selected items (a complete listing of all policy is included as part of the agency detail document);
- A summary grouping of expenditures by major category; 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.

**2015-17 Balance Sheet: Proposed Amendment To ESHB 2376**  
**General Fund-State, Education Legacy Trust, and Opportunity Pathways Accounts**  
**(and Budget Stabilization Account)**  
Dollars in Millions

	<b>2015-17</b>
<b>RESOURCES</b>	
<b>Beginning Fund Balance</b>	<b>1,011.2</b>
February 2016 Forecast	37,837.4
Transfer to Budget Stabilization Account (1% of GSR)	(372.3)
Transfer to Budget Stabilization Account (EORG)	(63.6)
Transfer from BSA (EORG)	63.6
Other Enacted Fund Transfers	178.0
Alignment to the Comprehensive Financial Statements & Other Adj	40.8
<b>2016 Changes</b>	
<i>Fund Transfers (Excluding BSA)</i>	29.4
<i>Revenue Legislation</i>	(2.5)
<i>Budget Driven Revenue &amp; Other</i>	77.9
<b>Total Resources (including beginning fund balance)</b>	<b>38,800.0</b>
<b>EXPENDITURES</b>	
<b>2015-17 Biennium</b>	
Enacted Budget	38,219.2
<i>Proposed 2016 Supplemental Budget</i>	190.9
Assumed Reversions	(187.5)
<b>Total Expenditures</b>	<b>38,222.5</b>
<b>RESERVES</b>	
<b>Projected Ending Balance (GFS + ELTA + Opp Pathways)</b>	<b>577.5</b>
<b>Budget Stabilization Account</b>	
Budget Stabilization Account Beginning Balance	513.1
Plus Transfers from General Fund and Interest Earnings	440.7
<i>Less Spending From BSA: Fires</i>	(189.5)
Less Transfers Out to GFS (EORG)	(63.6)
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>700.7</b>
<b>Total Reserves (Near General Fund plus Budget Stabilization)</b>	<b>1,278.2</b>

**Fund Transfers, Revenue Legislation and Budget Driven Revenues**  
(Dollars In Millions)

	<u>2015-17</u>
<b>Fund Transfers To/From GFS (Excluding Transfers To/From BSA)</b>	
Public Work Assistance Account	16.0
Flood Control Account	0.4
CEPRI Account	1.0
Labor Relations Account	1.0
Personnel Services Account	0.5
Prof Engineers Acct Transfer	0.5
Real Estate Commn Acct Transfer	0.5
Real Estate Research Acct Transfer	0.5
Housing Trust Account	3.0
Savings Incentive	1.1
Employment Services Administrative Account	3.0
Aerospace Training Account	2.0
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<b>Subtotal</b>	<b>29.4</b>
<b>Legislation (GFS Unless Otherwise Noted)</b>	
2540 Annual Tax Surveys & Reports	(0.6)
2539 Real Estate Tax Inheritance	(0.0)
6328 Vapor Products	0.1
1713 Mental Health/Chemical Dependency	(1.9)
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<b>Subtotal</b>	<b>(2.5)</b>
<b>Budget Driven &amp; Other (General Fund Unless Otherwise Noted)</b>	
Attorney General/Lawsuit Settlements	3.3
Habitat Conservation	(0.2)
Expected Audit Payments	33.8
HCA Clinics	(2.9)
Lottery Fund BDR (Opportunity Pathways)	0.1
Liquor Revolving Fund BDR	(2.7)
Royalty Payment Amnesty	46.1
Marijuana BDR	0.5
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<b>Subtotal</b>	<b>77.9</b>
<b>Grand Total</b>	<b>104.9</b>



# Summary of Selected Larger Items

(See agency detail for all policy changes by agency)

## Education

- **Recruit and retain K-12 staff: \$5.3 million NGF-P**  
Funding is provided to promote the recruitment and retention of K-12 Public School staff as follows: \$3.5 million is added to the Beginning Educator Support Team program and \$1.75 million is added for professional development for classroom paraeducators.
- **Charter Schools: \$ 4 million NGF-P net increase**  
Funding is provided to implement Engrossed Second Substitute Senate Bill 6194 (Public schools other than common schools) which reenacts and amends the charter school laws to establish charter schools as public schools outside the common school system.
- **Homeless student stability: \$1 million NFG-P in OSPI and \$1 million NGF-P in the Department of Commerce**  
Funding is provided to implement a competitive grant program to evaluate and award grants to school districts to pilot increased identification of homeless students and the capacity to provide support as provided in 3SHB 1682 (homeless students).
- **Higher Education Tuition Support: \$7.9 million NGF-P**  
Chapter 36, Laws of 2015, 3rd sp. s. provided funding for tuition reduction under the College Affordability Program. Additional funding is provided to account for changes in enrollment from the assumptions used develop the 2015-17 budget.
- **ALCOA Worker Training: \$3.0 million NGF-P**  
Funding is provided for on-site worker training and skills enhancement training for ALCOA Intalco aluminum smelter workers whose jobs have been harmed by foreign trade. This is supported by a transfer from the Employment Service Administrative Account to the state general fund.
- **Higher education - maintain State Need Grant service level: \$18 million NGF-S**  
Caseload savings from the College Bound Program are shifted to the State Need Grant program to maintain FY 2015 service levels for FY 2016 and FY 2017.
- **Higher education - teacher shortage (E2SSB 6455): \$1.4 million NGF-P**  
Funding is provided for SB 6455 related to increasing the number of qualified individuals becoming teachers.

- **Early learning (also in DSHS Economic Services and DSHS Childrens) - family child care provider collective bargaining agreement (CBA): \$12.7 million NGF-P**  
Under a reopener provision in the 2015-17 CBA, family child care providers receive a base rate increase, increase in tiered reimbursement for levels three through five, and additional training and quality improvements.
- **Early learning - ECLIPSE funding: \$2.2 million NGF-P**  
Funding is provided on a one-time basis to replace federal funding for the Early Childhood Intervention Prevention Services program.

## **Mental Health**

- **Behavioral Health Innovation Fund: \$6.8 million NGF-P**  
Funding is provided to improve the quality of patient care and patient and staff safety at the state hospitals, and for compliance with court orders related to civil and forensic treatment. Pursuant to E2SHB 2453 (State hospital oversight), funds are deposited into a Governor's Behavioral Health Innovation Fund. The Department must apply to the Office of Financial Management and meet other requirements to spend these funds. The funds may be used for a variety of strategies including, but not limited to, increasing civil and forensic bed capacity to meet court orders, hiring of nurses or other staff, and increasing training of staff at the state hospitals.
- **Transitional support for Western State Hospital: \$11 million NGF-P**  
Funding is increased on a one-time basis in FY 2016 to address overspending at the state hospitals as well as new expenditures by the Department in response to an emergent and imminent jeopardy determination by the Centers for Medicare and Medicaid Services (CMS). In order to maintain federal funding, the Department is required by CMS to submit and implement a plan of corrections related to the safety and health of clients and employees at Western State Hospital.
- **Compensation increases: \$9.8 million NGF-P; \$10.0 million Total Budgeted**  
Funding is provided for the cost of FY 2017 adjustments for specific employee positions related to the provision of mental health services.
- **State hospital RN staff: \$6.8 million NGF-P**  
Funding is provided for 51 additional registered nurse positions to increase the total number of nurses at Western State Hospital.
- **Expand mobile crisis teams: \$2.0 million NGF-P; \$2.9 million Total Budgeted**  
Funding is provided to implement new mobile crisis teams and expand outreach and engagement activities for existing mobile crisis teams. Mobile crisis teams will provide mental

health services to stabilize individuals in crisis to prevent further deterioration and provide immediate treatment and intervention in a location best suited to meet the needs of the individual. Services will be provided in the least restrictive environment available 24 hours per day, seven days a week.

- **Housing support and step down services: \$2.0 million NGF-P; \$2.8 million Total Budgeted**  
Funding is provided to implement four new housing and recovery services teams. Each team provides supportive housing services and short-term rental assistance for individuals exiting inpatient behavioral health treatment services or at risk of entering inpatient behavioral health services. During FY 2017, the supportive housing services will be paid for with the mental health federal block grant. Beginning in FY 2018, it is assumed that these services will be paid for with state funds.
- **Southwest RSN reserves: -\$11.1 million NGF-S; -\$23.8 million Total Budgeted**  
Effective April 1, 2016, southwest Washington is transitioning to become an early adopter of fully integrated physical and behavioral health care. The current regional support network (RSN) is required to return \$25.3 million in state and federal Medicaid reserves remaining after termination of their contract. Of these amounts, \$12.6 million is estimated to be state funds and \$12.7 million is estimated to be federal funds. The Department must return all of the federal funds to the Center for Medicaid and Medicare Services. Of the remaining \$12.6 million, \$1.5 million will be used to provide a reserve for non-Medicaid services in the region and for stabilization of the new crisis system.
- **One time savings and under-spends: -\$13.8 million NGF-P**  
Funding is reduced on a one-time basis in FY 2016 to reflect estimated under-expenditures, including savings related to delayed implementation of the Psychiatric Emergency Response Team (PERT), the Office of Forensic Mental Health, and other programs/services.

## **Other Health and Human Services**

- **Health Care Authority backfill of assumed savings in Healthier Washington that didn't materialize: \$11.4 million NGF-P; \$25.9 Total Budget**  
Funding is partially restored for assumed savings that will not be realized this biennium in Healthier Washington due in part to a delay in integrating clinical models of physical and behavioral health care.
- **Health Care Authority backfill of assumed savings from a federal waiver that was not approved: \$16.7 million NGF-P; \$35.2 million Total Budgeted**  
Funding is restored for assumed savings that will not be realized because the federal Centers for Medicare and Medicaid Services did not approve a state waiver request on which the assumed savings were based (the waiver had to do with innovative payment methods).

- **Health Care Authority managed care rate reforms: -\$13.3 million NFG-P; -\$47.6 million Total Budgeted**  
 The Health Care Authority will achieve savings in managed care by working with the Office of Financial Management, the Medicaid forecast workgroup, and the managed care plans to develop strategies to hold 2017 rates at 2016 levels.
- **Individual Provider (IP) overtime (DSHS long term care and developmentally disabled programs): \$29.4 million NGF-P; \$65.5 million Total Budgeted**  
 IP homecare worker overtime is funded in accordance with the U.S. Department of Labor recent rule that applies provisions of the Fair Labor Standards Act to IPs, including a requirement that overtime pay be provided by third-party employers. This rule was upheld by the U.S. Federal Court of Appeals. This item assumes passage of Second Substitute House Bill 1725 (DSHS provider hours/payment/week).
- **Medicaid cost allocation correction (DSHS Economic Services): \$4.9 million NGF-S; \$0 Total Budget (federal funding is reduced by the same amount)**  
 The Legislature assumed the federal match for assisting clients with Medicaid applications through the Healthplanfinder online application would be 75% federal and 25% state. However, the 75% federal match only applies to certain staff, the remaining are a 50% match rate. Additionally, more recent cost allocation data is available. Funding is adjusted to reflect the updated information.
- **Special Commitment Center - staff related increases: \$4.1 million NGF-P**  
 Funding is provided for 18 FTEs to provide additional treatment to approximately 30 high acuity patients, as well as 8 additional FTEs to improve health care services and provide for a more therapeutic response to behavioral issues for high acuity residents. Funding is also provided for 9 FTEs to be added to the less restrictive alternative community facilities.
- **WorkFirst fund balance (DSHS Economic Services): -\$41.3 million NGF-P; \$0 Total Budgeted (increase in federal funds offsets NGF-P savings)**  
 One-time savings are achieved in the Temporary Assistance for Needy Families program using federal TANF Contingency Funds and WorkFirst under-expenditures in FY 2016.
- **Underspent TANF Employment/Training: -\$7.7 million NGFP**  
 Funding is reduced on a one-time basis to reflect underexpenditures for the TANF employment and training programs in FY 2016.
- **Youth Homelessness and Housing: \$11.4 million Total Budgeted**  
 \$1 million NGF-P and \$10.4 million from dedicated housing funds is provided for an increase in HOPE beds, Crisis Residential Center beds, street youth services, family reconciliation services, and the Consolidated Homeless Grant.

- **Community supervision changes (Department of Corrections): -2.2 million NGF-P**  
Pursuant to SSB 6531, the total length of time in which the Department of Corrections is authorized to supervise an offender is limited to the term imposed by the court at sentencing.

**Forest Fires - \$171 million for wildfire suppression costs, \$8.3 million for firefighting resources and prevention, and \$50.8 million for recovery efforts for a total of \$230.1 million.**

- **From the Budget Stabilization Account (BSA): \$189.5 million**
  - \$133.9 million to DNR for the fire suppression costs that exceeded the base amount provided in the 2015-17 biennial budget.
  - \$21.1 million to DNR to shift the base fire suppression costs in the biennial budget from the general fund to the BSA (which saves \$21.1 million GF-S in FY 2016).
  - \$0.16 million to the Department of Fish and Wildlife to shift the base cost of fire suppression from GF-S to the BSA (which saves \$0.16 million GF-S).
  - \$34.4 million to the Washington State patrol for fire mobilization costs.
- **From the Disaster Response Account: \$63.8 million**
  - \$5.5 million to DNR to shift the FY 2017 base fire suppression funding in the biennial budget from the general fund to the Disaster Response Account (which saves \$5.5 million GF-S in FY 2017).
  - \$6.1 million to DNR to increase firefighting capacity, \$1.0 million to the Conservation Commission for Firewise, and \$0.4 million to the Military Department for National Guard fire training.
  - \$43.4 million to the Military Department for disaster recovery (this also includes disasters other than fires).
  - \$6.8 million to the Conservation Commission for fire recovery efforts and \$0.6 million to DFW for wildfire recovery efforts.
- **From the General Fund-State: -\$26.8 million**
  - General Fund-State savings are shown above (\$26.8 million).
  - \$0.2 million to the State Board for Community and Technical Colleges for a wildfire program.
- **From the Resources Management Cost Account: \$7 million to DNR for forest health treatment on state lands**
- **From General fund-Federal: \$2.9 million to DNR for fire suppression**

**Other items**

- **Moore v. HCA lawsuit settlement: \$32.2 million NGF-P; \$80 million Total Budgeted**  
Funding is provided to settle all claims in the litigation related to employee health benefits.
- **State Employee PEBB rates: -\$2.9 million NGF-P; -\$7.0 million Total Budgeted**  
The state funding rate is reduced for FY 2017 from \$894 to \$888 based on favorable claims experience and anticipated reduced expenditures related to the settled Moore V. HCA litigation.

## 2015-17 Omnibus Operating Budget -- 2016 Supplemental

(Dollars In Thousands)

	NGF-S + Opp Pathways + Bud Stabiliz			Total Budgeted		
	Striker	ESHB 2376	ESSB 6246	Striker	ESHB 2376	ESSB 6246
<b><i>Pensions &amp; Health Benefit Related</i></b>						
PSERS Membership	0	1,079	0	0	1,320	0
Pension Merger	0	0	-75,400	0	0	-75,400
K12 Retiree Remittance	0	-5,790	0	0	-5,790	0
State Employee PEBB	-2,903	0	-5,732	-6,997	0	-14,052
<b><i>Pensions &amp; Health Benefit Related Total</i></b>	<b>-2,903</b>	<b>-4,711</b>	<b>-81,132</b>	<b>-6,997</b>	<b>-4,470</b>	<b>-89,452</b>
<b><i>K-12 Education</i></b>						
Recruit and Retain K12 Staff	5,250	98,529	0	5,250	98,529	0
Charter Schools	3,906	0	6,409	4,206	0	6,709
All Other Increases	3,130	4,871	405	3,225	5,007	409
Teacher Shortage	1,660	2,350	1,000	1,660	2,350	1,000
Homeless Student Stability	1,000	2,000	0	1,000	2,000	0
Education Funding Task Force	500	500	500	500	500	500
Local Effort Assist. Account	0	90,557	0	0	90,557	0
McCleary Penalty	0	21,000	0	0	21,000	0
School Food Programs	0	3,192	0	0	3,192	0
Paraeducator Certification	0	0	907	0	0	907
High School Assessments	0	-14,554	0	0	-14,554	0
All Other Savings	-365	-160	-160	-365	-160	-160
<b><i>K-12 Education Total</i></b>	<b>15,081</b>	<b>208,285</b>	<b>9,061</b>	<b>15,476</b>	<b>208,421</b>	<b>9,365</b>
<b><i>Higher Education Institutions</i></b>						
CAP Tuition Backfill	7,858	0	7,858	7,858	0	7,858
Alcoa Worker Training	3,000	0	0	3,000	0	0
All Other Increases	1,211	1,645	1,066	1,304	1,738	1,816
MESA	450	700	450	450	700	450
COP Debt Service	0	0	0	0	4,650	0
All Other Savings	0	0	-57	0	0	-542
Medical Education	0	0	-1,201	0	0	-1,201
Shift Between Funds	-7,109	0	0	0	0	0
<b><i>Higher Education Institutions Total</i></b>	<b>5,410</b>	<b>2,345</b>	<b>8,116</b>	<b>12,612</b>	<b>7,088</b>	<b>8,381</b>
<b><i>Higher Education Financial Aid</i></b>						
State Need Grant	18,000	18,000	13,973	18,000	18,000	13,973
All Other Increases	207	150	0	6,207	6,150	6,000
Free to Finish College Program	0	1,000	0	0	1,000	0
Mental Health LRP	0	1,000	0	0	1,000	0
All Other Savings	-104	-104	-104	0	0	0
<b><i>Higher Education Financial Aid Total</i></b>	<b>18,103</b>	<b>20,046</b>	<b>13,869</b>	<b>24,207</b>	<b>26,150</b>	<b>19,973</b>

Note: ESSB 6246 also transferred \$173 million from GFS to the Disaster Response Account for fires.

NGF-D = GF-S + ELT + OpPath + Bud Stabil

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## 2015-17 Omnibus Operating Budget -- 2016 Supplemental

(Dollars In Thousands)

	NGF-S + Opp Pathways + Bud Stabiliz			Total Budgeted		
	Striker	ESHB 2376	ESSB 6246	Striker	ESHB 2376	ESSB 6246
<b>Early Learning &amp; Child Care</b>						
Family Child Care Provider CBA	12,666	12,666	0	12,666	12,666	0
ECLIPSE Funding	2,152	2,152	0	2,152	2,152	2,152
All Other Increases	935	1,326	0	935	1,326	935
Seasonal Child Care- 12 Month Elig	0	1,693	0	0	1,693	0
Increased Tiered Reimbursement	0	0	6,013	0	0	6,013
One-Time Savings & Underspend	-2,458	0	-2,458	-2,458	0	-2,458
Shift Between Funds	-9,800	-9,800	-6,713	0	0	0
<b>Early Learning &amp; Child Care Total</b>	<b>3,495</b>	<b>8,037</b>	<b>-3,158</b>	<b>13,295</b>	<b>17,837</b>	<b>6,642</b>
<b>Health Care</b>						
Waiver Savings Restoration	16,737	16,737	16,737	35,220	35,220	35,220
Healthier WA Savings Restoration	11,366	26,086	0	25,936	59,362	0
Health Home Services	4,306	4,306	3,893	8,742	8,742	7,786
Vendor Rate Increase	4,154	4,342	4,154	8,508	8,978	8,508
All Other Increases	1,070	1,543	1,711	10,038	11,479	12,359
LARC Rate Increase	0	2,721	0	0	9,843	0
Healthcare Innovation Waiver	0	0	0	147,551	0	0
Federal Funding Adjustment	0	0	0	15,481	15,481	15,481
Blind-Disabled to Fee for Service	0	0	-25,533	0	0	-51,066
All Other Savings	-668	0	-668	0	0	0
Community Health Centers/I-502	-2,899	-2,933	-2,899	0	0	0
Inpatient Cost Avoidance	-4,154	-4,154	-4,154	-8,508	-8,508	-8,508
HCA: Managed Care Rates	-13,303	0	0	-47,631	0	0
Low-Income Health Care/I-502	-42,988	-29,338	-28,988	0	0	0
<b>Health Care Total</b>	<b>-26,379</b>	<b>19,310</b>	<b>-35,747</b>	<b>195,337</b>	<b>140,597</b>	<b>19,780</b>
<b>Mental Health</b>						
Transitional Support for WSH	11,000	11,000	23,400	11,000	11,000	23,400
Compensation Increases	9,532	10,007	8,681	10,193	11,137	9,480
Behavioral Health Innovation Fund	6,777	10,566	0	6,777	10,566	0
State Hospital RN Staff	6,766	6,766	0	6,766	6,766	0
Housing Support and Step-Down Svcs	2,000	2,000	2,000	2,762	2,762	2,762
Expand Mobile Crisis Teams	1,958	2,724	0	2,932	4,010	0
All Other Increases	1,686	1,603	609	1,865	1,728	609
Youth Mental Health Services	668	1,709	0	668	2,136	0
Enhanced Community SVCS Plus NH	537	0	1,586	1,075	0	3,172
Expand Crisis Triage Beds	0	2,586	0	0	3,900	0
Community Diversion Applications	0	0	14,085	0	0	28,170
WSH Civil Ward	0	0	3,035	0	0	3,035

Note: ESSB 6246 also transferred \$173 million from GFS to the Disaster Response Account for fires.

NGF-D = GF-S + ELT + OpPath + Bud Stabil

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## 2015-17 Omnibus Operating Budget -- 2016 Supplemental

(Dollars In Thousands)

	NGF-S + Opp Pathways + Bud Stabiliz			Total Budgeted		
	Striker	ESHB 2376	ESSB 6246	Striker	ESHB 2376	ESSB 6246
Mental Health Block Grant Authority	0	0	0	3,000	3,000	3,000
Peer Bridging Programs	0	0	0	1,760	1,760	1,760
Operating Reserves	0	0	-43,611	0	0	-75,779
Southwest RSN Reserves	-11,115	-5,000	-12,615	-23,791	-10,061	-25,291
One-Time Savings & Underspend	-13,834	-16,551	-15,607	-13,834	-16,551	-15,607
<b>Mental Health Total</b>	<b>15,975</b>	<b>27,410</b>	<b>-18,437</b>	<b>11,173</b>	<b>32,153</b>	<b>-41,289</b>
<b>Long Term Care &amp; DD</b>						
DSHS/DD & LTC: IP Overtime	29,390	33,817	26,430	65,483	77,531	59,794
DD Client Protections	1,209	0	1,303	1,887	0	2,172
All Other Increases	1,146	1,801	1,026	2,351	4,751	2,424
Respite Services	834	1,409	824	1,667	2,608	1,648
ABLE	572	572	199	572	777	404
DSHS/DD & LTC: IP Informal Suppts	0	9,019	0	0	20,397	0
Agency Provider Rates	0	844	0	0	1,919	0
Transfer	-23	-23	-23	-46	-46	-46
All Other Savings	-983	-983	-983	-2,014	-2,014	-2,014
Shift Between Funds	-1,000	0	-1,000	0	0	0
<b>Long Term Care &amp; DD Total</b>	<b>31,145</b>	<b>46,456</b>	<b>27,776</b>	<b>69,900</b>	<b>105,923</b>	<b>64,382</b>
<b>Corrections and Other Criminal Justice</b>						
All Other Increases	3,337	3,760	624	4,102	5,181	1,509
Work Releases	1,687	1,776	1,687	1,687	1,776	1,687
DOC Contract with SBCTC	1,252	1,252	1,252	1,252	1,252	1,252
Felony DUI	831	0	831	831	0	831
WSP Recruitment and Retention	388	1,207	0	410	1,258	0
Cost of Supervision Staffing	333	1,374	0	333	1,374	0
Sexual Assault Kit Track/Test	23	119	0	3,368	526	3,782
Auto Theft Prevention Account	0	0	0	-500	0	-1,000
All Other Savings	-900	-900	-1,882	-900	-900	-1,882
Offender Supervision	-2,268	0	-2,268	-2,268	0	-2,268
Shift Between Funds	-6,023	0	-6,023	0	0	0
<b>Corrections and Other Criminal Justice Total</b>	<b>-1,340</b>	<b>8,588</b>	<b>-5,779</b>	<b>8,315</b>	<b>10,467</b>	<b>3,911</b>
<b>Other Human Services</b>						
Medicaid Cost Allocation Correction	4,852	4,852	1,139	0	0	1,139
All Other Increases	4,499	6,692	3,643	9,539	17,397	8,290
SCC Increases	4,157	4,142	4,157	4,157	4,142	4,157
Performance Based Contracting	1,351	1,500	1,351	1,351	1,500	1,351
Youth Homelessness	1,010	4,385	0	4,035	5,172	555

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## 2015-17 Omnibus Operating Budget -- 2016 Supplemental

(Dollars In Thousands)

	NGF-S + Opp Pathways + Bud Stabiliz			Total Budgeted		
	Striker	ESHB 2376	ESSB 6246	Striker	ESHB 2376	ESSB 6246
Family Assessment Response (FAR)	1,000	1,000	2,274	2,000	2,000	4,548
Family Reconciliation Services	500	2,000	0	500	2,000	0
Homeless Account & Services	0	37,229	0	0	37,229	0
Working Family Support	0	3,602	0	0	3,602	0
IMD Waiver	0	0	0	31,284	31,284	31,280
Consolidated Homeless Grants	0	0	0	6,620	6,620	7,475
Truancy Reform	0	0	0	714	0	1,506
SNAP federal award	0	0	0	0	4,000	0
Federal Funding Adjustment	0	0	0	-23,505	-23,505	-23,505
All Other Savings	-4,540	-364	-6,968	-9,451	-928	-9,451
Underspent TANF Employment/Training	-7,723	0	-7,723	-7,723	0	-7,723
Shift Between Funds	-17,000	0	-17,000	0	0	0
WorkFirst Fund Balance	-41,277	-20,595	-33,277	0	0	0
<b>Other Human Services Total</b>	<b>-53,171</b>	<b>44,443</b>	<b>-52,404</b>	<b>19,521</b>	<b>90,513</b>	<b>19,622</b>
<b>Natural Resources</b>						
Fires & Other Disasters	162,562	147,221	-5,525	214,375	212,753	219,032
All Other Increases	5,425	6,008	3,961	29,757	30,558	27,331
Other Fire Related Increases	157	957	0	15,191	22,904	19,044
State Parks	0	43	-4,266	14,585	4,566	400
MTCA Related Savings	0	0	0	-12,600	-1,300	-12,600
All Other Savings	0	0	-1,504	-297	-297	-1,801
Shift Between Funds	-2,264	3,174	-2,264	0	0	0
Emergency Drought Funding	-7,277	-7,277	-4,500	-7,277	-7,277	-4,500
<b>Natural Resources Total</b>	<b>158,603</b>	<b>150,126</b>	<b>-14,098</b>	<b>253,734</b>	<b>261,907</b>	<b>246,906</b>
<b>All Other Policy Changes</b>						
Moore v HCA Settlement	32,030	32,225	32,225	80,000	80,000	80,000
Data Processing Revolving Account	5,064	9,671	5,064	8,298	9,671	8,298
All Other Increases	4,116	6,980	2,953	52,170	56,003	39,389
IT Pool	1,734	-2,826	2,834	7,118	-9,179	16,523
Central Services	530	1,181	572	1,849	3,027	1,962
Automatic Voter Registration	0	1,337	0	0	1,337	0
IT Spending Authority	0	0	0	0	24,815	0
Eliminate Support to MRSC	0	0	0	0	0	-2,803
Eliminate Results Washington	0	0	-1,437	0	0	-1,437
Pacific Tower Reduction	0	0	-3,879	0	0	-3,879
Judicial Agencies	-274	1,853	-274	489	2,616	-274
All Other Savings	-504	0	-679	-1,852	-80	-1,667
OFM Centralized Services	-7,727	0	-7,685	13,404	0	13,481

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## 2015-17 Omnibus Operating Budget -- 2016 Supplemental

(Dollars In Thousands)

	NGF-S + Opp Pathways + Bud Stabiliz			Total Budgeted		
	Striker	ESHB 2376	ESSB 6246	Striker	ESHB 2376	ESSB 6246
Shift Between Funds	-21,956	-3,500	-11,956	0	0	0
<b>All Other Policy Changes Total</b>	<b>13,013</b>	<b>46,921</b>	<b>17,738</b>	<b>161,476</b>	<b>168,210</b>	<b>149,593</b>
<b>Grand Total</b>	<b><u>177,032</u></b>	<b><u>577,256</u></b>	<b><u>-134,195</u></b>	<b><u>778,049</u></b>	<b><u>1,064,796</u></b>	<b><u>417,814</u></b>

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**Proposed Agreement (Striking Amendment H-4773.2 to ESHB 2376)**

*(Near GF-S & Opportunity Pathways Account, Dollars in Millions)*

	FY 2016	FY 2017	2015-17	FY 2018	FY 2019	2017-19
<b>Beginning Balance</b>	1,011	1,180	1,011	577	117	577
<b>Current Revenues</b>						
February 2016 Revenue Forecast	18,660	19,178	37,837	20,021	20,871	40,892
Additional Revenue Based on 4.5% Growth Rate Assumption	-	-	-	20	72	92
	18,660	19,178	37,837	20,041	20,943	40,983
<b>Other Resource Changes</b>						
GF-S Transfer to BSA (1%)	(184)	(188)	(372)	(197)	(205)	(401)
Extraordinary Revenue to BSA	-	(64)	(64)	-	(8)	(8)
Extraordinary Revenue from BSA to GF-S	-	64	64	-	8	8
Prior Period Adjustments	20	20	41	20	20	41
2015 Session Transfers and Other Resource Changes (Net)	96	82	178	51	51	101
Budget Driven Revenue	43	(3)	41	(1)	(1)	(2)
Proposed Fund Transfers	4	25	29	68	97	165
Other Legislation	-	(2)	(2)	(3)	(5)	(8)
Expected Audit Payments	34	-	34	-	-	-
AG Lawsuit Settlements	3	-	3	-	-	-
<b>Total Revenues and Resources (Including Beginning Balance)</b>	<b>19,688</b>	<b>20,292</b>	<b>38,800</b>	<b>20,557</b>	<b>21,017</b>	<b>41,457</b>
<b>Enacted Appropriations</b>	<b>18,639</b>	<b>19,580</b>	<b>38,219</b>	<b>20,494</b>	<b>21,036</b>	<b>41,530</b>
K-12 (excluding 2015 PL K-3 and All day K)	8,564	8,864	17,428	8,992	9,184	18,175
K-3 Class Size	83	268	350	524	590	1,114
All Day K	55	125	180	151	158	309
Everything except K-12 - all other items	9,937	10,324	20,261	10,827	11,105	21,931
<b>2016 Supplemental Maintenance Level</b>	<b>37</b>	<b>166</b>	<b>203</b>	<b>95</b>	<b>63</b>	<b>157</b>
<b>2016 Supplemental Policy Level</b>	<b>(77)</b>	<b>65</b>	<b>(12)</b>	<b>(48)</b>	<b>15</b>	<b>(33)</b>
K-12 Education	(0)	10	10	13	15	28
K-12 Recruitment and Retention	-	5	5	-	-	-
Higher Education	9	39	48	9	9	18
Dept of Early Learning	(6)	(3)	(9)	(5)	(5)	(10)
Child Care CBA	-	13	13	13	13	26
Mental Health/Dev. Disabilities/Long Term Care	(27)	4	(23)	4	4	7
IP Overtime	6	23	29	21	20	41
State Hospitals Enhancement	14	21	35	11	12	23
Community MH Enhancement	-	4	4	4	4	7
Corrections/JRA/SCC	2	2	4	7	9	16
Children's/Economic Svcs	(16)	(46)	(63)	(30)	(30)	(60)
Low Income Health Care	(2)	3	2	(2)	(2)	(4)
Healthier WA & Waiver Savings Restoration	20	8	28	9	9	17
Managed Care Rates	-	(13)	(13)	(29)	(30)	(59)
Low Income Health Care/I-502	(38)	(5)	(43)	(2)	4	2
Debt Service	-	1	1	1	1	3
All Other	(17)	(2)	(19)	(18)	(11)	(28)
Public Safety Enhancement Account	-	-	-	(50)	-	(50)
Pension Rate Changes	-	-	-	(5)	(6)	(10)
Fires	(21)	-	(21)	-	-	-
Actual/Estimated Reversions	(91)	(96)	(188)	(100)	(105)	(205)
Other Fund Adjustments						
<b>Revised Appropriations</b>	<b>18,508</b>	<b>19,715</b>	<b>38,222</b>	<b>20,440</b>	<b>21,008</b>	<b>41,449</b>
<b>Projected Ending Balance</b>	<b>1,180</b>	<b>577</b>	<b>577.477</b>	<b>117</b>	<b>9</b>	<b>9</b>
<b>Budget Stabilization Account</b>						
Beginning Balance	513	509	513	701	911	701
Transfer From GFS	184	188	372	197	205	401
Extraordinary Revenue to BSA	-	64	64	-	8	8
Extraordinary Revenue from BSA to GF-S	-	(64)	(64)	-	(8)	(8)
Appropriations from BSA for fires	(190)	-	(190)	-	-	-
Interest Earnings	1	3	5	14	27	41
<b>Ending BSA Balance</b>	<b>509</b>	<b>701</b>	<b>701</b>	<b>911</b>	<b>1,143</b>	<b>1,143</b>
<b>Total Reserves</b>	<b>1,689</b>	<b>1,278</b>	<b>1,278</b>	<b>1,028</b>	<b>1,152</b>	<b>1,152</b>

\* Totals may not tie fiscal year due to rounding.





2015

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Washington State House of Representatives  
Office of Program Research