



PROPOSED SENATE 2017-19 OPERATING BUDGET

OVERVIEW

SENATE CHAIR

**SENATE WAYS & MEANS COMMITTEE
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OMNIBUS OPERATING BUDGET OVERVIEW

In crafting the 2017-19 biennial operating budget, the Legislature is considering both the increased costs associated with maintaining current law requirements and proposed policy increases or enhancements. Additionally, pursuant to the four year balanced budget provisions, the Legislature is required to leave a positive unrestricted balance for both the 2017-19 and 2019-21 biennia.

The proposed Senate Chair budget for the 2017-19 biennium spends a total of \$43.0 billion Near General- State and Opportunity Pathways and represents approximately a \$5 billion increase from current spending levels in the 2015-17 biennium (after adjusting for the 2017 supplemental changes).

Pursuant to the four year balanced budget methodology, the projected spending level for the 2019-21 biennium is \$50.0 billion. This is the net impact after making both policy level additions and achieving savings from current law requirements.

The spending plan leaves an unrestricted balance of \$860 million at the end of the 2017-19 biennium and meets the four year balanced budget requirements by leaving an unrestricted balance of \$127 million at the end of the 2019-21 biennium.

MAINTENANCE LEVEL SUMMARY

Some of the larger current law or “maintenance level” increases for the 2017-19 biennium are: (1) \$493 million to complete the phased implementation of the K-3 class size reduction of SHB 2776 (Chapter 236, Laws of 2010); (2) \$404 million in other K-12 caseload and other adjustments; (3) \$375 million for Initiative 732 cost-of-living increases for K-12 and higher education staff; (4) \$271 million in net increased costs for low income health care services; (5) \$246 million for pension rate increases associated with the phase-in of assumed lower investment returns and mortality assumptions; and (6) \$98 million from fully phasing previously authorized increased mental health funding.

For the 2019-21 biennium, many of the maintenance level costs cited above continue or grow, and additional increases include: (1) \$1.9 billion for beginning the phase-in of Initiative 1351 class size provisions; and (2) \$292 million due to the current law expiration of the Hospital Safety Net.

POLICY LEVEL SUMMARY

Some of the larger policy level increases are: (1) \$1.8 billion in 2017-19 (\$5.9 billion in 2019-21) for the net changes associated the replacement of the K-12 prototypical school funding allocation model with a per pupil guarantee model; (2) \$275 million in 2017-19 (\$376 million in 2019-21) for state employee and non-state employee compensation increases; (3) \$95 million in 2017-19 (\$129 million) for staffing and other increases in the state mental health hospitals and for developing additional community options; and (4) \$75 million in 2017-19 (\$88 million in 2019-21) for additional higher education enrollments, maintaining the state need grant, and additional medical school funding.

Major savings or spending constraints include: (1) \$109 million in 2017-19 (\$111 million in 2019-21) from eliminating the state contribution to the Law Enforcement Officers' and Firefighters' Plan 2 retirement system contributions, except for fire districts; (2) \$63 million in 2017-19 from utilizing one-time TANF WorkFirst fund balance; (3) \$60 million in 2017-19 (\$60 million in 2019-21) from eliminating the Housing and Essential Needs program; (4) \$50 million in 2017-19 (\$50 million in

2019-21) from suspending the transfer to the Local Public Safety Enhancement Account; (5) \$44 million in 2017-19 (\$49 million in 2019-21) by making eligibility and other changes in the Working Connections Child Care program; (6) \$33 million in 2017-19 (\$28 Million 2019-21) by making eligibility and other changes in the Temporary Assistance for Needy Families (TANF) and WorkFirst programs; (7) \$33 million in 2017-19 (\$33 million in 2019-21) from legislation changing sovereign immunity provisions related lawsuits; and (8) \$28 million (\$51 million in 2019-21) from sentencing and supervision changes.

For the 2019-21 biennium, the savings unique to that time period include: (1) \$1.9 billion from eliminating the Initiative 1351 class size provisions; and (2) \$292 million from extending the expiration of the Hospital Safety Net.

RESOURCE CHANGES

The Senate Chair budget makes a variety of transfers and redirections. The largest resource item is associated with the K-12 legislation that converts to a pupil guarantee funding model and imposes a new local effort levy by the state on behalf of school districts at a uniform rate. Based on the assumed tax rates, the new local effort levy is expected to generate \$1.5 billion in the 2017-19 biennium and \$4 billion in the 2019-21 biennium.

The Senate budget also assumes legislation that would appropriate \$700 million from the Budget Stabilization Account for contributions toward the unfunded liability in the PERS 1 retirement system. As a result of the actuarial savings associated with this earlier payment, a surcharge on all employers based on the difference in lower contribution rates is imposed. This is expected to generate \$56 million in the 2017-19 biennium and \$171 million in the 2019-21 biennium.

The Senate budget also assumes \$251 million in the 2019-21 biennium from legislation permanently redirecting revenue sources from the Public Work Assistance Account (PWAA) to the Education Legacy Trust Account. Additionally, \$127 million in the 2017-19 biennium and \$20 million in the 2019-21 biennium are assumed to be redirected from PWAA loan repayment resources. The Senate Chair budget leaves sufficient PWAA resources for approximately \$100 million in new projects in the 2017-19 biennium and \$100 million in new projects for the 2019-21 biennium.

The Senate budget also assumes a variety of fund transfers, legislation increasing resources, and legislation decreasing state resources. See appendix A & B for a complete listing of these changes.

IMPORTANT NOTE: This document focusses on the Near General Fund & Opportunity Pathways Account (which includes the Education Legacy Trust Account) unless otherwise noted. This is done because these are primary funds considered when “balancing” pursuant to the 4-year balanced budget law.

PSSB 5048 Senate Chair Release
Near GF-S & Opportunity Pathways Account
(Dollars in Millions)

	2015-17			2017-19			2019-21		
	FY 2016	FY 2017	2015-17	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2019-21
Beginning Balance	1,011	1,402	1,011	915	1,133	915	860	470	860
Current Revenues	18,933	20,030	38,962	20,392	21,205	41,597	22,159	23,157	45,316
March 2017 Revenue Forecast	18,933	20,030	38,962	20,392	21,205	41,597	21,826	22,628	44,454
Addtl Revenue Based on 4.5% Growth Rate	0	0	0	0	0	0	333	529	862
Other Resource Changes	-36	-817	-853	212	1,199	1,411	1,993	2,103	4,095
GF-S Transfer to BSA (1%)	-186	-197	-382	-200	-208	-408	-215	-223	-438
GF-S Extraordinary Revenue to BSA	0	-822	-822	0	0	0	0	0	0
Extraordinary Revenue from BSA to GF-S	0	75	75	0	0	0	0	0	0
Local Effort Levy	0	0	0	274	1,247	1,521	1,963	2,082	4,045
Other Legislation	0	0	0	-2	52	51	202	208	411
Budget Driven Revenue	0	-1	-1	3	7	10	8	9	17
CAFR Adjustments	-18	0	-18	0	0	0	0	0	0
Prior Period Adjustments	67	20	88	20	20	41	20	20	41
Fund Transfers	101	107	207	117	80	197	14	6	20
Total Revenues and Resources	19,908	20,615	39,120	21,518	23,537	43,923	25,013	25,729	50,272
Enacted Appropriations	18,627	19,826	38,454	18,627	19,826	38,454	20,157	20,497	40,654
Carryforward Level Adjustments	0	0	0	1,066	-131	935	-132	-132	-264
Maintenance Level Total	0	-105	-105	839	1,405	2,244	2,872	3,530	6,402
Policy Level Total	0	84	84	-45	1,681	1,636	1,755	1,822	3,577
K-12 Education	0	1	1	69	1,722	1,792	2,794	3,117	5,911
I-1351 Class Size Initiative	0	0	0	0	0	0	-836	-1,078	-1,914
Higher Education	0	0	0	4	13	17	7	7	14
Early Learning	0	-1	-1	-4	-2	-6	-2	-54	-56
Low Income Health Care	0	7	7	-19	-62	-81	-70	-78	-147
Hospital Safety Net	0	0	0	0	0	0	-146	-146	-292
Dev. Disabilities/Long Term Care	0	2	2	16	-21	-5	9	-1	9
Behavioral Health/Mental Health	0	8	8	33	43	76	44	47	91
Corrections/JRA/SCC	0	-2	-2	-11	-27	-38	-31	-32	-62
Children's/Economic Svcs	0	10	10	-62	-57	-119	-39	-42	-81
Compensation	0	0	0	88	180	268	185	185	370
Pensions	0	0	0	-57	-59	-116	-59	-59	-118
Debt Service	0	0	0	6	46	52	48	50	98
All Other	0	58	58	-109	-95	-204	-149	-93	-242
Reversions	-122	-105	-227	-101	-104	-206	-109	-114	-223
Revised Appropriations	18,506	19,700	38,205	20,385	22,677	43,062	24,543	25,602	50,145
Projected Ending Balance	1,402	915	915	1,133	860	860	470	127	127
Budget Stabilization Account									
Beginning Balance	513	550	513	1,473	983	1,473	1,208	1,455	1,208
GF-S Transfer to BSA (1%)	186	197	382	200	208	408	215	223	438
GF-S Extraordinary Revenue to BSA	0	822	822	0	0	0	0	0	0
Extraordinary Revenue from BSA to GF-S	0	-75	-75	0	0	0	0	0	0
Appropriations from BSA	-189	-24	-213	-700	0	-700	0	0	0
Actual Reversions	37	0	37	0	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0	0	0	0	0
Interest Earnings	3	4	7	10	17	27	32	43	75
Budget Stabilization Account Ending Balance	550	1,473	1,473	983	1,208	1,208	1,455	1,721	1,721
Total Reserves	1,952	2,388	2,388	2,116	2,068	2,068	1,925	1,848	1,848

K-12 PUBLIC SCHOOLS

OVERVIEW OF SUBSTITUTE SENATE BILL 5607 AND SUBSTITUTE SENATE BILL 5875

Substitute Senate Bill 5607 is a K-12 finance and reform proposal. It replaces the K-12 prototypical school funding allocation model with a per pupil guarantee model. Compared to current law, the net funding increase in state funding is approximately \$1.8 billion in the 2017-19 biennium and \$5.9 billion in the 2019-21 biennium from all provisions, excluding the repeal of Initiative 1351.

The state basic per pupil guarantee is structured to replace the following four state and local programs: state general apportionment, state levy equalization, state pupil transportation, and local levies. Besides the basic per pupil guarantee, the formula includes six supplemental state-funded per pupil amounts for special education, highly capable, learning assistance, transitional bilingual, career and technical education, and newly created per pupil amount for homeless students. The per pupil amounts would be adjusted in the future by inflation as measured by the implicit price deflator.

As part of this new funding system, a new local effort levy is established by the state on behalf of school districts at a uniform tax rate. In calendar year 2019, voter-approved Maintenance & Operations levies are eliminated. Beginning in calendar year 2020, future voter-approved M&O levies would be limited to a 10 percent levy lid. The legislation repeals Initiative 1351 and Initiative 732 provisions. The funding system also contains certain hold harmless provisions, minimum state funding levels, housing allowances for staff in high cost areas, recruitment and retention amounts for some school districts, increased assistance for struggling schools, and a variety of other funding and policy provisions. Substitute Senate Bill 5875 is amendatory legislation to Substitute Senate Bill 5607. The changes made in this legislation include: (1) implementing a lower per pupil amount for the basic per pupil guarantee in school year 2018-19, the transition year into the new funding structure; and (2) lowering the local effort levy tax rate to \$1.55 per \$1,000 of assessed value.

INCREASES ASSOCIATED WITH SSB 5607 – BEGINNING IN SCHOOL YEAR 2018 - 2019

STATE BASIC PER PUPIL GUARANTEE GENERAL APPOINTMENT - \$2.3 BILLION 2017-19 (\$8.2 BILLION 2019-21)

The new funding structure provides basic per pupil guarantee that replaces the following three state programs: state general apportionment, state levy equalization, and state pupil transportation. The basic state guarantee also replaces all current local school district levies. The basic per pupil guarantee is \$9,200 per student in school year 2018-19 and then increases to \$10,200 in the 2019-20 school year. Besides the other additional per pupil amounts listed below, the new formula provides allocations at \$500 per career and technical education student and \$1,500 per unsheltered homeless student.

SPECIAL EDUCATION - \$119.1 MILLION 2017-19 (\$343.2 MILLION 2019-21)

Under current law, there are two primary sources of state revenue to support special education services to students: basic education funds and categorical special education funds. In school year 2018-19, the current state categorical funding formula for special education is replaced with a new per pupil amount of \$7,500 for students eligible for the special education program

STUDENTS IN POVERTY - \$57.9 MILLION 2017-19 (\$161.7 MILLION 2019-21)

Substitute Senate Bill 5607 provides a per pupil guarantee of \$2,000 per student for school districts with a poverty rate of less than 30 percent. School districts with a poverty rate greater than 30 percent are eligible for a per pupil amount of \$5,000 per student based on the differential between the school districts actual number of poverty students and 30 percent.

TRANSITIONAL BILINGUAL PROGRAM - \$13.0 MILLION 2017-19 (\$42.0 MILLION 2019-21)

In the 2018-19 school year, the current state categorical funding formula for transitional bilingual students with a new per pupil amount of \$1,000.

HIGHLY CAPABLE PROGRAM - \$11.2 MILLION 2017-19 (\$29.3 MILLION 2019-21)

Under current law, highly capable students may access highly capable categorical funds, in addition to state basic education funds. Substitute Senate Bill 5607 replaces the current state categorical funding formula for highly capable students with a new per pupil amount of \$1,000, which approximately doubles state funding for the program in school year 2018-19.

ASSISTANCE TO LOWER PERFORMING SCHOOLS - \$10 MILLION 2017-19 (\$20 MILLION 2019-21)

As part of the funding for Substitute Senate Bill 5607 (education), additional funding is provided to assist lower performing schools and improve academic performance.

DECREASES ASSOCIATED WITH SSB 5607 – BEGINNING IN SCHOOL YEAR 2018 - 2019

REPEALING INITIATIVE I-1351 CLASS SIZE AND STAFFING FORMULA (\$1.9 BILLION 2019-21 SAVINGS ONLY)

Under current law, the costs associated with the staffing enhancements in Initiative 1351 are scheduled to be phased in at 50 percent in the 2019-21 biennium with full implementation in 2021-23 biennium. Substitute Senate Bill 5607 (education) repeals the Initiative 1351 provisions in their entirety.

REPEALING INITIATIVE 732 - \$255.9 MILLION 2017-19 SAVINGS (\$1.0 BILLION 2019-21 SAVINGS)

As part of Substitute Senate Bill 5607 (education), the provisions of Initiative 732 dealing with cost-of-living-adjustments are repealed under the per pupil guarantee model.

PUPIL TRANSPORTATION - \$360.7 MILLION 2017-19 SAVINGS (\$1.0 BILLION 2019-21 SAVINGS)

As part of Substitute Senate Bill 5607 (education), pupil transportation, including bus depreciation, is eliminated as a separate program and incorporated into the per pupil guarantee model.

LEVY EQUALIZATION PAYMENTS - \$73.7 MILLION 2017-19 SAVINGS (\$664.4 MILLION 2019-21 SAVINGS)

Engrossed Senate Bill 5023 (excess levies) provides a one year extension of the scheduled decrease of the state levy lid from 28 percent to 24 percent. Approximately \$110 million in increased state levy equalization payments are provided for this extension. This amount is offset by the provisions of Substitute Senate Bill 5607 (education) wherein state levy equalization payments are eliminated and incorporated into the per pupil guarantee model.

STATE FUNDING FOR NATIONAL BOARD BONUSES - \$82.7 MILLION 2017-19 SAVINGS (\$204.1 MILLION 2019-21 SAVINGS)

Teachers and other certificated instructional staff who hold current certification by the national board for professional teaching standards are eligible for state-funded bonuses. Under SSB 5607, school districts, at their discretion, could continue to fund national board bonuses. However, state funding for the bonus program would be discontinued beginning in school year 2018-19.

OTHER K-12 INCREASES

CAREER AND TECHNICAL EDUCATION GRANTS AND OTHER CHANGES - \$6.7 MILLION 2017-19 ONLY

Additional state funding is provided for career and technical education. This includes additional funds to establish career and technical education equivalency crediting on a broader scale as well as additional funding for the purchase of career and technical education equipment. Additional state funds are also provided for career and technical education FIRST robotics programs.

OTHER K-12 DECREASES

ASSESSMENT CHANGES - \$7.2 MILLION 2017-19 SAVINGS (\$7.2 MILLION 2019-21 SAVINGS)

Pursuant to Senate Bill 5891 (science assessments), savings are achieved by discontinuing the requirement that students meet standard on the statewide high school science assessment in order to earn the Certificate of Academic Achievement that is required for graduation from a public high school.

HIGHER EDUCATION

INCREASES

RESIDENT UNDERGRADUATE/STEM ENROLLMENT - \$27.4 MILLION 2017-19 (\$38.1 MILLION 2019-21)

Funding is provided to increase resident undergraduate (RUG) enrollment at the public four-year institutions of higher education by 1,800 students in the 2017-19 biennium. The public research institutions are to increase RUG enrollment by 250 students in the 2017-18 academic year and 500 students in the 2018-19 academic year. The public comprehensive institutions are to increase RUG enrollment by 100 students in the 2017-18 academic year and 200 students in the 2018-19 academic year. Each institution must fill 70 percent of the new RUG enrollment with students majoring in science, technology, engineering, and mathematics (STEM).

SPOKANE MEDICAL SCHOOL EDUCATION - \$10 MILLION 2017-19 (\$8 MILLION 2019-21)

Funding is provided to support medical school education in Spokane. The University of Washington is provided \$5 million to continue the medical education for 20 additional students in their third and fourth years at the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) medical education program in Spokane and eastern Washington, in partnership with Gonzaga University. The additional funding increases for the third and fourth year cohorts to 60 students. Washington State University is provided \$5 million to support the first class of 60 medical students at the Elson S. Floyd College of Medicine in the Fall of 2017.

REGENERATIVE MEDICINE INSTITUTE - \$6 MILLION 2017-19 (\$6 MILLION 2019-21)

Funding is provided to the University of Washington Institute for Stem Cell and Regenerative Medicine for faculty, core support, training programs, pilot grants, and Translational Bridge awards.

STATE NEED GRANT - \$37.6 MILLION 2017-19 (\$42.4 MILLION 2019-21)

Funding is provided to maintain the State Need Grant (SNG) at current service levels in the 2017-19 biennium. This item backfills \$18 million in one-time College Bound savings that was shifted to the SNG in the 2016 Supplemental Enacted Budget, additional funding for a projected increase of College Bound students receiving the SNG, and to hold SNG awards harmless from resident undergraduate (RUG) tuition inflation increases under the College Affordability Program (Chapter 36, Laws of 2015, 3rd sp.s (2ESSB 5954)).

OPPORTUNITY SCHOLARSHIP PROGRAM - \$14.7 MILLION 2017-19 ONLY

Funding is provided to match private contributions to the Washington Opportunity Scholarship in fiscal year 2018 and fiscal year 2019. A public-private partnership, this 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.

SAVINGS OR DECREASES

REFINANCE FINANCIAL AID WITH WORKFIRST FUNDS - \$47 MILLION 2017-19 SAVINGS (\$47 MILLION 2019-21 SAVINGS)

State funding for the Opportunity Grant program and a portion of state funding for the State Need Grant are replaced with funds made available in the TANF/WorkFirst spending plan. The Economic Services Administration of the Department of Social and Health Services manages a spending plan for state and federal funds utilized in the TANF/WorkFirst program and a portion of these funds will be utilized for funding these grant programs during the 2017-19 and 2019-21 biennia.

WAIVE LESS TUITION - \$19.9 MILLION 2017-19 SAVINGS (\$19.9 MILLION 2019-21 SAVINGS)

It is assumed that the state's public institutions of higher education will reduce overall waiver activity to replace a \$19.9 million General Fund-State reduction in full tuition collected from enrolled students. This budget action is exercised by the Senate pursuant to authority and discretion granted to the Legislature under chapter 28B.15.910 RCW.

FINANCIAL AID PROGRAMS RE-SUSPENSION - \$11.1 MILLION 2017-19 SAVINGS (\$11.5 MILLION 2019-21 SAVINGS)

Savings are achieved as a result of continuing the 2011-13 suspension of the Future Teachers Conditional Scholarship Program, Washington Scholars Program, Washington Award for Vocational Excellence Program, and the Small Grant Program (including the Community Scholarship Matching Grant program, and state contributions to the Foster Care Endowment Scholarship Trust Fund) for the 2017-19 biennium. Those students who received awards in previous years will maintain those awards until they complete their programs.

HIGHER EDUCATION INSTITUTIONS FUNDING SHIFT - \$4.2 MILLION 2017-19 SAVINGS (\$4.7 MILLION 2019-21 SAVINGS)

Savings are achieved as a result of a funding shift from General Fund-State to each institution's Building Account for operations and maintenance costs of facilities that will be partially or fully completed in the 2017-19 biennium.

FINANCIAL AID PROGRAM FUNDING SHIFT - \$3.5 MILLION 2017-19 SAVINGS ONLY

Savings are achieved as a result of a one-time funding shift. State funding of \$3 million for the Health Professionals Loan Repayment Program is shifted to the Health Professional Loan Repayment Account for the 2017-19 biennium. State support of \$500,000 for the Aerospace Training Student Loan program is shifted to the Aerospace Training Student Loan Account for the 2017-19 biennium.

CHILD CARE & EARLY LEARNING

INCREASES

EARLY CHILDHOOD EDUCATION AND ASSISTANCE PROGRAM - \$14.2 MILLION 2017-19 (\$14.2 MILLION 2019-21)

A total of \$11.5 million is provided to increase slot rates for the Early Childhood Education and Assistance program (ECEAP). Partial day slot rates will increase by \$449, full day slots by \$612, and extended day slots by \$955. In addition, a total of \$2.6 million is provided in fiscal year 2021 to add 338 partial day slots to reach full entitlement for four-year olds in ECEAP.

WORKING CONNECTIONS CHILD CARE CASELOAD ADJUSTMENT - \$12.0 MILLION 2017-19 (\$12.2 MILLION 2019-21)

Funding is provided for unanticipated increases in the caseload for the Working Connections Child Care program that have occurred since the February 2017 caseload forecast.

CHILD CARE RATE INCREASE - \$11.8 MILLION 2017-19 (\$11.9 MILLION 2019-21)

Funding is provided for a one percent base rate increase for licensed family home providers, a \$1.25 per hour rate increase for Family, Friend, and Neighbor providers, and a 4.25 percent increase in health insurance premium coverage; and a 1 percent base rate increase for child care center providers.

WORKING CONNECTIONS CHILD CARE TIME AND ATTENDANCE SYSTEM - \$11.4 MILLION GENERAL FUND-FEDERAL

Federal funding spending authority is provided to procure an electronic time and attendance tracking system for the Working Connections Child Care program.

MAINTAIN HOME VISITING - \$1.4 MILLION HOME VISITING SERVICES ACCOUNT-STATE

Funding is provided to maintain 210 home visiting slots due to the loss of federal and private funds.

SAVINGS OR DECREASES

WORKING CONNECTIONS CHILD CARE - \$44.0 MILLION 2017-19 SAVINGS (\$48.7 MILLION 2019-21 SAVINGS)

Savings are achieved by making eligibility and other changes in the Working Connections Child Care (WCCC) program that will reduce the caseload. These changes include:

- \$19.8 million for expanding the exemption from work participation requirements in the WorkFirst program for individuals with a child under the age two years old and, as a result, their need for child care;
- An additional \$15.4 million by aligning the state's 12-month authorization with the federal government's policy that allows for a discontinuation of services if there is a loss of work or cessation of attendance at job training or an educational program that lasts longer than three months;
- An additional \$7.8 million by making eligibility for WCCC contingent upon participants cooperating with child support enforcement; and,
- An additional \$871,000 by freezing enrollment in the WCCC at 31,000 households.

EARLY ACHIEVERS - \$16.6 MILLION 2017-19 SAVINGS (\$15.1 MILLION 2019-21 SAVINGS)

Funding is reduced to reflect an elimination of one-time expenditures and updated costs, and reductions associated with various components of the Early Start Act including technical assistance, coaching, training and professional development, and quality improvement

awards.

EARLY CHILDHOOD EDUCATION AND ASSISTANCE PROGRAM - \$1.2 MILLION 2017-19 SAVINGS (\$55.8 MILLION 2019-21 SAVINGS)

A total of \$1.2 million in savings is achieved by aligning expenditures in the Early Childhood Education and Assistance Program with actual implementation costs of partial, full, and extended day slots funded during the 2015-17 biennium.

The Senate budget proposal assumes \$54.2 million in savings in fiscal year 2021 by modifying the ECEAP entitlement. Beginning in fiscal year 2018, the enrollment of three-year olds will be phased out over three years and replaced with enrollments of additional four-year olds. Beginning July 1, 2019, enrollment of three-year olds will be subject to funding appropriated specifically for this purpose.

TIME AND ATTENDANCE COST AVOIDANCE - (\$16.8 MILLION 2019-21 SAVINGS ONLY)

Funding is reduced to reflect an anticipated decrease in overpayments in the Working Connections Child Care program as a result of development of a new time and attendance system.

EMPLOYEE COMPENSATION

INCREASES

PROVIDE TWO \$500 PER YEAR WAGE INCREASE FOR ALL STATE AGENCY EMPLOYEES - \$89.8 MILLION 2017-19 (\$120.0 MILLION 2019-21)

Tentative collective bargaining agreements that have been reached between the Governor and all other collective bargaining units are rejected. Instead, funding is provided for a \$500 annual wage increase beginning on July 1, 2017, and another \$500 beginning July 1, 2018, for all state agency employees, including those at institutions of higher education.

COLLECTIVE BARGAINING AGREEMENT AND AWARD WITH TEAMSTERS LOCAL 117-DEPT OF CORRECTIONS - \$75.1 MILLION 2017-19 (\$101.7 MILLION 2019-21)

A collective bargaining agreement and arbitration awards between the Governor and the Teamsters Local 117 corrections employees is funded. This includes: (1) wage increases of 4.5 percent beginning July 1, 2017, 3 percent July 1, 2018, and 3 percent January 1, 2019; (2) targeted increases; and (3) changes to vacation leave accruals.

COLLECTIVE BARGAINING AGREEMENT AND AWARD WITH STATE PATROL OFFICERS - \$3.8 MILLION 2017-19 (\$4.1 MILLION 2019-21)

Collective bargaining agreements between the Governor and both the Troopers' and Lieutenants' Associations are funded. This includes wage increases for troopers of 16 percent in the first fiscal year and 3 percent in the second fiscal year and wage increases for sergeants, lieutenants and captains of 20 percent in the first year and 3 percent in the second. It also includes funding for a new longevity increase of 1 percent at 25 years of service and changes to vacation leave accruals.

INCREASE STATE EMPLOYEE HEALTH BENEFITS FUNDING - \$18.0 MILLION 2017-19 (\$34.9 MILLION 2019-21)

Additional funding is provided to maintain the 85 percent employer portion of increased health benefit funding rates for state agency and higher education employees, consistent with the tentative health benefits coalition agreement for the 2017-19 biennium. Funding rates increase from \$888 in fiscal year 2017 to \$889 in fiscal year 2018 and \$920 in fiscal year 2019.

SAVINGS OR DECREASES

DEPARTMENT OF RETIREMENT SYSTEMS ADMINISTRATIVE COSTS - \$7.2 MILLION NEAR GENERAL FUND-STATE (\$7.2 MILLION 2019-21 SAVINGS)

Savings are achieved by suspending the Dept. of Retirement Systems (DRS) administrative fee of 0.18 percent on all employers during the 2017-2019 biennium and cover the administrative costs of DRS and the Office of the State Actuary from investment returns.

HEALTH CARE

INCREASES

HEPATITIS C TREATMENT COSTS - \$49.8 MILLION 2017-19 (\$53.1 MILLION 2019-21)

Hepatitis C is treated across several programs for clients with varying degrees of severity of fibrosis score. Coverage for clients with less severe fibrosis scores are mandated to receive treatment, when clinically appropriate, in Medicaid, Mental Health, and Special Commitment Center. Changes to screening in Department of Corrections has resulted in more inmates receiving treatment. Funding is provided for additional Hepatitis C treatment.

WASHINGTON STATE HEALTH INSURANCE POOL - \$5.6 MILLION 2017-19 (\$8.2 MILLION 2019-21)

The sunset for the Washington State Health Insurance Pool (WSHIP) is extended to December 31, 2022. WSHIP is the high-risk pool for Washington. WSHIP is an independent, nonprofit entity created by legislation that provides coverage for individuals who are unable to obtain comprehensive health coverage or Medicare supplemental coverage. WSHIP offers non-Medicare eligible plans and Medicare-eligible plans. Under current law, the non-Medicare plans will sunset December 31, 2017.

ACCESS TO AUTISM SERVICES - \$3 MILLION 2017-19 ONLY

Funding is provided to assist and educate persons seeking services provided through the Health Care Authority to address a suspected or diagnosed autism spectrum disorder. This funding is to assist in navigating the health care system and is to be done in collaboration with the Department of Social and Health Services.

HEALTH HOMES - \$1.4 MILLION 2017-19 (\$1.7 MILLION 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 has a shared savings agreement with the Centers for Medicare and Medicaid Services for this program and has received \$7.2 million in past shared savings. The program was authorized to expand to King and Snohomish Counties during the 2016 legislative session. Funding is provided for a rate increase to assist in this expansion to King and Snohomish Counties

COLLABORATIVE CARE - \$1.1 MILLION 2017-19 (\$1.4 MILLION 2019-21)

Funding is provided for behavioral health integration (BHI) services under the collaborative care model (CoCM). The CoCM enhances “usual” primary care by adding two key services: care management support for patients receiving behavioral health treatment, and regular psychiatric inter-specialty consultation for the primary care team, particularly regarding patients whose conditions are not improving.

HEARING INSTRUMENT COVERAGE - \$1 MILLION 2017-19 (\$1.4 MILLION 2019-21)

Hearing aid coverage is an optional benefit under Medicaid. This was a reduction in the Medicaid program in January 2011. This funding restores the adult hearing aid benefit in the Medicaid program beginning January 1, 2018.

LEAD EXPOSURE - \$2.4 MILLION 2017-19 ONLY

Funding is provided to sample and test drinking water and water fixtures in public schools across the state. The Department of Health, in collaboration with the Educational School Districts, must prioritize elementary schools where drinking water and water fixtures have not been tested at all, and elementary schools where drinking water and water fixtures have not been tested within the past three years.

SAVINGS OR DECREASES

HOSPITAL SAFETY NET ASSESSMENT (\$292 MILLION 2019-21 Savings)

The Hospital Safety Net Assessment (HSNA) program is a funding mechanism that allows assessments to be collected from hospitals. These assessments are used in combination with federal funds for increased payments to hospitals. Under current law, the HSNA will sunset in 2019. The sunset is extended to 2021. Savings are achieved by allowing the state to use Safety Net funds in lieu of the state general fund for Medicaid hospital services. Payments to hospitals are increased and the family physician residency program and integrated, evidence-based psychiatry residency at the University of Washington Medical Center are continued.

PRESCRIPTION DRUG COSTS - \$32.1 MILLION 2017-19 SAVINGS (\$46.1 MILLION 2019-21 SAVINGS)

Savings are achieved by the Health Care Authority creating a single, preferred drug list and operating as the single pharmacy benefit manager for Medicaid managed care plans under the prescription drug purchasing consortium.

MANAGED CARE DENTAL - -\$5.8 MILLION 2017-19 SAVINGS (\$15.2 MILLION 2019-21 SAVINGS)

Dental services for adults and children are currently provided to Medicaid clients on a fee-for-service basis. A 5 percent savings is assumed from moving dental services to a managed care environment effective July 1, 2018.

ORAL HEALTH PILOT PROGRAM - \$3.4 MILLION 2017-19 SAVINGS (\$5.1 MILLION 2019-21 SAVINGS)

Funding is provided for a pilot program focusing on adults with diabetes and pregnant women, improving their oral health, and consequently, their overall health. Savings are assumed from improved overall health.

LONG TERM CARE, DEVELOPMENTAL DISABILITIES

INCREASES

TARGETED VENDOR RATE INCREASE - \$76 MILLION 2017-19 (\$88 MILLION 2019-21)

Service providers for individuals with long-term care needs, or individuals with developmental disabilities, will receive vendor rate increases of 2.0 percent on July 1, 2017, and an additional 2.0 percent on July 1, 2018. These increases apply to individual providers and homecare agencies, adult family homes, assisted living facilities, community residential service providers, area agencies on aging, and service providers specializing in employment support, respite, and other community based services. These increases also apply to the home care agency administrative rate. These increases do not apply to the vendor rate for nursing facilities and the Program for All Inclusive Care for the Elderly (PACE). The nursing facility vendor rate will be

rebased in fiscal year 2019. The PACE vendor rate was rebased in fiscal year 2017.

NURSING FACILITY DIRECT CARE PAYMENTS - \$11 MILLION 2017-19 (\$12 MILLION 2019-21)

The nursing home rate methodology utilizes a classification system, called Resource Utilization Groups (RUG), to align Medicaid payments with the resource needs of nursing home residents. In the 2011-13 biennial budget, the Legislature established a penalty for Medicaid nursing home residents in certain RUG codes, to incentivize the placement of lower acuity nursing home residents into community settings. Pursuant to Senate Bill 5715 (nursing home direct care payments), funding is provided to modify the low-acuity penalty. Residents in certain RUG groups are exempt. Residents in other RUG codes are still subject to the penalty, unless a resident also presents with behavioral needs. Exceptions to the penalty are permitted for residents with limited placement options in the community.

MEDICAID TRANSFORMATION WAIVER - \$41 MILLION GENERAL FUND FEDERAL

The Medicaid transformation waiver will expand support for roughly 8,000 unpaid family caregivers. Medicaid Alternative Care, or the MAC program, will target family caregivers who are providing unpaid support to individuals who are already eligible for Medicaid. Targeted Support for Older Adults, or the TSOA program, will target family caregivers who are providing unpaid support to individuals who are not yet eligible for Medicaid. Services for these caregivers may include, but are not limited to, respite, training, counseling, and tenant support.

HOME DELIVERED MEALS - \$3 MILLION 2017-19 (\$3 MILLION 2019-21)

Pursuant to Senate Bill 5736 (nutrition assistance for older adults), funding is provided to expand nutrition services through the home delivered meals program by 50 percent, or an additional 6,000 clients from the current service level to approximately 12,000 clients.

HIGH SCHOOL TRANSITION STUDENTS - \$3 MILLION 2017-19 (\$5 MILLION 2019-21)

Employment services provide ongoing support services and training for eligible persons in a variety of settings and work sites, which include individual supported employment, group supported employment, pre-vocational services, and pre-employment services. About 600 individuals with a developmental disability, who are not already receiving services from a Medicaid waiver, will transition out of high school during the 2017-19 biennium. Funding is provided for all of these individuals to participate in employment services.

INFORMAL SUPPORTS - \$1 MILLION 2017-19 (\$2 MILLION 2019-21)

The Fair Labor Standards Act requires that personal care provided by non-family Individual Providers must be counted in the total hours authorized for payment. These hours may no longer be considered informal support. Funding is provided to pay for the hours previously considered informal support, which will bring the state into compliance with federal law and avoid a potential non-compliance penalty.

SNOHOMISH COUNTY RATE ADJUSTMENT - \$1 MILLION 2017-19 (\$1 MILLION 2019-21)

Rates for the supported living providers are determined for each individual client based upon the number of direct care staff hours needed to meet the client's assessed needs. Staff hours are paid at a pre-determined benchmark rate specific to county categories. Funding is provided to apply the King county classification when determining the direct care staff hourly rate for supported living providers, group homes, group training homes, and staffed residential homes in Snohomish county.

SAVINGS OR DECREASES

RHC CONSOLIDATION - \$21 MILLION 2017-19 SAVINGS (\$16 MILLION 2019-21 COST)

Residents will begin transitioning out of Fircrest School during the 2017-19 biennium. Clients may be placed into State Operating Living Alternatives (SOLA), supported living, nursing facilities, or other Residential Habilitation Centers (RHC). During the transition period, limited capital investment may occur on the Fircrest campus to meet the needs of nursing facility residents. Fircrest will continue to operate as an RHC until there are no Intermediate Care Facility residents left on campus, and the nursing facility census falls to 16 residents. Options for transferring Charitable, Educational, Penal, and Reform Institutions land on the Fircrest campus from the Department of Natural Resources to the Department of Social and Health Services must be presented to the Governor and the Legislature. Net proceeds from the use of property on the Fircrest campus, obtained through a transaction of the highest and best value, must be placed into the Developmental Disabilities Community Trust. Appropriations from the Developmental Disabilities Community Trust may be used for employment, family support, supported living placements, or SOLA placements.

HEMOCARE HEALTHCARE – REFORM - \$12 MILLION 2017-19 SAVINGS (\$27 MILLION 2019-21 SAVINGS)

Beginning July 1, 2018, the Department of Social and Health Services must modify the funding provided to the multi-employer trust that purchases health benefits for homecare workers. The funding is sufficient to ensure that no beneficiaries will lose health benefits, dental benefits, or vision benefits, but modifications to the benefit plan, reserve levels, ancillary programs, or trust operating costs may be necessary. Modifications to the benefit plan may include, but are not limited to, monthly premiums, medical deductibles, prescription drug co-payments, medical out-of-pocket limits, hospital inpatient co-payments, and hospital outpatient services co-payments.

HEMOCARE TRAINING – REFORM - \$3 MILLION 2017-19 SAVINGS (\$5 MILLION 2019-21 SAVINGS)

Beginning July 1, 2018, the Department of Social and Health Services must coordinate all training for long-term care workers. Funding is sufficient to ensure that no long-term care workers will lose the ability to receive basic training, continuing education, advanced training, peer mentorship, or any other training available in the prior fiscal year. Requirements for basic training and home care aide certification for long-term care workers, as well as optional training offerings, remain unchanged.

MEDICAID TRANSFORMATION WAIVER SAVINGS - \$3 MILLION 2017-19 SAVINGS (\$34 MILLION 2019-21 SAVINGS)

The Medicaid transformation waiver will expand support for roughly 8,000 unpaid family caregivers. Medicaid Alternative Care, or the MAC program, will target family caregivers who are providing unpaid support to individuals who are already eligible for Medicaid. Targeted Support for Older Adults, or the TSOA program, will target family caregivers who are providing unpaid support to individuals who are not yet eligible for Medicaid. Services for these caregivers may include, but are not limited to, respite, training, counseling, and tenant support. Investing in services for these caregivers will result in a delayed entry of clients into paid Medicaid services, or avoidance of entry into paid Medicaid services altogether. A Washington State Institute of Public Policy study of a recent expansion of the Family Caregiver Support Program, operated within the Long Term Care program of the Department of Social and Health Services, informed savings assumptions.

CONSUMER DIRECTED PERSONAL CARE - \$2 MILLION 2017-19 SAVINGS (\$5 MILLION 2019-21 SAVINGS)

By January 1, 2019, the Department of Social and Health Services must implement a consumer-directed Medicaid program. The new program will be a voluntary alternative option for individuals with long-term care needs, or individuals with developmental disabilities, who choose to receive in-home personal care services from a family member. In-home care services assist individuals who need help with daily activities, such as bathing or toilet use, to continue to live as independently as possible at home. On average, the per capita cost under the consumer-directed option will be lower than the current program, which will be sufficient to cover the cost necessary to establish the consumer-directed option.

EMPLOYMENT HISTORICAL UNDERSPEND - \$5 MILLION 2017-19 SAVINGS ONLY

Employment services provide ongoing support services and training for eligible persons in a variety of settings and work sites, which include individual supported employment, group supported employment, pre-vocational services, and pre-employment services. Over the past five years, the Department of Social and Health Services has underspent the available funding for employment services, on average, by roughly \$2.5 million per year. On a one-time basis for the 2017-19 biennium, based on the average underspend, funding for employment services is reduced.

BEHAVIORAL HEALTH

INCREASES

BEHAVIORAL HEALTH SERVICES INVESTMENT - \$88.7 MILLION (\$127 MILLION 2019-21)

Funding is provided throughout the budget to increase services targeted at using the state psychiatric hospitals in a more efficient manner. Funding is provided to increase diversion from the state hospitals, to provide appropriate places for discharge, and for new hospital beds in the community. The following items are included in this investment:

HOSPITAL COMPLIANCE - \$52.7 MILLION (\$52.7 MILLION 2019-21)

Funding is provided for the Department of Social and Health Services (DSHS) to make changes based on its Systems Improvement Agreement with the Centers for Medicare and Medicaid Services in order to maintain current levels of federal funding.

ENHANCED DISCHARGE PLACEMENTS - \$18.2 MILLION (36.7 MILLION 2019-21)

Funding is provided for community placement beds to divert and discharge patients from the state psychiatric hospitals. Discharge case managers are funded to focus on transitioning patients into specific placement options to include enhanced service facilities, adult family homes, skilled nursing facilities, shared supportive housing, assisted living facilities and state operated living alternatives.

PRIVATE COMMUNITY PSYCHIATRIC HOSPITAL BEDS - \$9.2 MILLION (\$41.3 MILLION 2019-21)

Funding is provided to contract for 48 private community psychiatric hospital beds beginning January 1, 2019 to provide care for individuals on 90 or 180-day commitments. In addition, funding is provided to implement a 7.5 percent increase to current inpatient rates for short-term stays in community psychiatric inpatient settings.

HOUSING SERVICES - \$3.9 MILLION HOME SECURITY FUND

Funding is provided to add 100 beds for low and no-barrier housing for people with a criminal history, substance use disorder, and/or mental illness and 160 community

permanent supported housing beds for individuals with a history of mental illness.

CRISIS WALK-IN CENTERS AND COMMUNITY CLUBHOUSES - \$8.4 MILLION (\$19.4 MILLION 2019-21)

Funding is provided to operate six new crisis walk-in/stabilization centers beginning July 1, 2018. Two centers are allocated for King County and one for Pierce County with the other three locations being determined by DSHS. In addition, funding is provided to operate community clubhouses as a statewide service to provide recovery support services.

TARGET FEDERAL GRANTS TO REDUCE OPIOID USAGE AND OVERDOSES - \$23.9 MILLION FEDERAL GRANT FUNDS

Federal authority is granted to the department for two separate federal grants targeted at reducing opioid use. The Department intends to increase education and training, prevention services, community programs, and active treatment throughout the state with the grants.

COMPETENCY RESTORATION BEDS TO MEET TRUEBLOOD ORDER - \$15.5 MILLION 2017-19 (\$16.5 MILLION 2019-21)

Funding is provided to maintain and increase forensic beds at Western State Hospital, Eastern State Hospital and at contracted community facilities to reduce waiting periods for competency restoration services when a court orders the services. Under court order, the Department is currently incurring fines for untimely evaluations and restoration.

SAVINGS OR DECREASES

REDUCTION OF CIVIL WARDS AT WESTERN STATE HOSPITAL – \$3.4 MILLION 2017-19 SAVINGS (\$26.9 MILLION 2019-21 SAVINGS)

Funding is reduced by taking one civil admission ward and one geriatric ward off-line at Western State Hospital beginning, January 1, 2019, due to increased discharges to enhanced community settings. The budget assumes that one more civil admission ward and two more geriatric wards come off-line during the 2019-21 biennium.

SINGLE BED CERTIFICATION FUNDING UNDERSPEND - \$9.7 MILLION 2017-19 SAVINGS (\$10.3 MILLION 2019-21 SAVINGS)

In the 2015-17 biennium, funding was provided to reimburse Behavioral Health Organizations for increased costs incurred in order to meet statutory obligations to provide individualized mental health treatment in appropriate settings to individuals who are detained or committed under the Involuntary Treatment Act (ITA) and reduce boarding in emergency rooms. Necessary funding is built into actuarial rates provided to the Behavioral Health Organizations and the remaining funds returned.

ECONOMIC SERVICES & CHILDREN’S ADMINISTRATION

INCREASES

FOSTER CARE PLACEMENTS AND LICENSING (\$9.6 MILLION CHILD WELFARE SYSTEM IMPROVEMENT ACCOUNT)

Funding is provided to increase foster home licensing and placement options for foster children as follows:

- \$3.7 million for new options that provide placements for children with the highest behavioral and mental health needs;
- \$2.5 million pursuant to Substitute Senate Bill 5890 (foster care and adoption) to

eliminate means testing as a condition of eligibility for the Temporary Assistance for Needy Families program for nonparental caregivers;

- \$1.1 million for the Children's Administration to hire ten additional licensing staff to license foster homes in a shorter timeframe;
- \$1.1 million pursuant to Substitute Senate Bill 5890 (foster care and adoption) for the Children's Administration to contract with a community-based organization in each region to establish a pool of temporary, respite care provided by case aides to support the parental efforts of foster parents;
- \$971,000 pursuant to Substitute Senate Bill 5890 (foster care and adoption) to cap adoption support payments for new adoptions at an increased percentage of foster care maintenance payments depending upon the child's age. Payments will be capped at 80 percent for children under the age of 5, at 85 percent for children age five through nine, at 90 percent for children age 10 through 13, and at 95 percent for children age 14 through 18; and
- \$200,000 to reimburse child placing agencies for certification of foster homes once a foster home is approved by the Children's Administration for licensure.

FAMILY ASSESSMENT RESPONSE FUND SHIFT - \$7.2 MILLION 2017-19

Funding is shifted from the Child and Family Reinvestment Account to the state general fund pursuant to Substitute Senate Bill 5890 (foster care and adoption), which eliminates the Child and Family Reinvestment Account.

WORKING CONNECTIONS CHILD CARE SLOTS FOR FOSTER CARE - \$1.6 MILLION CHILD WELFARE SYSTEM IMPROVEMENT ACCOUNT

Funding is provided to reserve 100 slots in Working Connections Child Care facilities for children who have been placed in a foster care setting.

SAVINGS OR DECREASES

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES/WORKFIRST - \$96.0 MILLION 2017-19 SAVINGS (\$28.2 MILLION 2019-21 SAVINGS)

Savings are achieved by making eligibility and other changes in the Temporary Assistance for Needy Families (TANF) and WorkFirst programs. These changes include:

- \$63.3 million in one-time savings by offsetting unallocated General Fund-State resources with available federal funds;
- \$16.0 million in savings by reducing the number of individuals who will be granted an exemption from work participation activities in WorkFirst and from time limit extensions in TANF;
- \$5.4 million in one-time savings by utilizing available fund balance in the Administrative Contingency Account rather than the state general fund for WorkFirst activities;
- \$4.5 million in savings for renegotiated Tribal TANF maintenance of effort contracts;
- \$3.2 million in savings for anticipated Diversion Cash Assistance caseload declines;
- \$1.4 million in one-time savings by allowing the Department of Early Learning to spend down available fund balance for home visiting services;
- \$1.2 million in savings by requiring applicants for TANF to search for a job prior to applying for benefits; and
- \$1.0 million in savings by eliminating the enhanced funding that had been provided to assist WorkFirst participants resolve outstanding traffic-related warrants, traffic tickets, fines, and penalties.

FINANCIAL SERVICE SPECIALIST LEAD STAFFING - \$6.1 MILLION 2017-19 SAVINGS (\$6.2 MILLION 2019-21 SAVINGS)

Financial Service Specialists make eligibility determinations for a variety of public assistance programs. Savings are achieved by reducing from 25 percent of the total Financial Service Specialist workforce to 20 percent the number who are Lead Workers and Financial Supervisors.

CHILDREN'S ADMINISTRATION STAFFING UNDERSPEND - \$5.3 MILLION 2017-19 SAVINGS (\$4.1 MILLION 2019-21 SAVINGS)

The Division of Children and Family Services has been underspent in salaries and benefits in Fiscal Year 2017. Funding is reduced to reflect continued underspending in this area, although full staffing is assumed to be reached at the conclusion of the 2017-19 biennium.

STATE FOOD ASSISTANCE - \$4.2 MILLION 2017-19 SAVINGS (\$4.3 MILLION 2019-21 SAVINGS)

Funding is reduced to reflect a disallowance of purchases of sweetened beverages, desserts, and candy for those individuals participating in the State Food Assistance program.

AGED, BLIND, DISABLED PROGRAM - \$3.8 MILLION 2017-19 SAVINGS (\$4.0 MILLION 2019-21 SAVINGS)

Funding is reduced to reflect a reduction in the Aged, Blind, Disabled program caseload by implementing a 35 month time limit for those individuals who are participating in the program because they are pending approval for federal social security benefits.

INFORMATION TECHNOLOGY FUNDING - \$1.5 MILLION 2017-19 SAVINGS (\$1.5 MILLION 2019-21 SAVINGS)

Funding is reduced to reflect one-time information technology costs for the Family Assessment Response program that were incorrectly carried forward.

OTHER HUMAN SERVICES

INCREASES

HOMELESS PROGRAM INCREASES - \$2.5 MILLION, \$5.2 MILLION HOME SECURITY ACCOUNT 2017-19 (\$10.6 MILLION 2019-21)

Funding is provided for homelessness prevention among youth exiting state systems, to increase capacity at crisis residential centers and HOPE centers, and to implement Senate Bill 5864. Senate Bill 5864 requires the Department of Commerce to expand the Homeless Management Information System and oversee new rules for service providers and local governments.

SAVINGS OR DECREASES

HOMELESS PROGRAM REDUCTIONS - \$52.7 MILLION, \$3.9 MILLION HOME SECURITY ACCOUNT 2017-19 SAVINGS (\$52.8 MILLION 2019-21 SAVINGS)

Funding is eliminated for Housing and Essential Needs (HEN), which provides housing-related assistance to individuals who are incapacitated and unable to work. A new Family Homelessness Assistance program is created to serve families who were previously served by HEN. Savings are also achieved by eliminating homeless assistance programs at the Department of Commerce including: Young Adult Shelters, Homeless Student Stability Program, and the Young Adult Housing Program.

CORRECTIONS & OTHER CRIMINAL JUSTICE

INCREASES

ENHANCED SENTENCING AND INCREASED SUPERVISION \$4.4 MILLION 2017-19 (\$11 MILLION 2019-21)

Funding is provided in order to increase prison sentences for certain crimes as described below:

- A fourth driving under the influence conviction is changed to a felony.
- Sex Offenses against children are increased one seriousness level for sentencing purposes.
- Increases length of sentences for repeat domestic violence offenders.
- Courts may apply a sentencing enhancement when an individual is convicted of a property crime and is determined to be Habitual property offender.
- Implements a two-year statewide pilot project that requires persons convicted of motor vehicle offenses to serve community supervision sentence after leaving prison.

BASIC LAW ENFORCEMENT ACADEMY - \$3.4 MILLION 2017-19

Funding is provided for the Criminal Justice Training Commission (CJTC) to increase the number of academy classes from ten to eighteen in each fiscal year for training required in order to become a police officer in the state of Washington.

DEADLY FORCE TRAINING - \$1.2 MILLION 2017-19 (\$707,000 2019-21)

Funding is provided for the CJTC to update and provide training that emphasizes de-escalation patrol tactics, increases the understanding of implicit and explicit bias and cultural competency, teaches effective interaction with people with disabilities and behavioral health issues, and teaches ways to use less than lethal force.

SAVINGS OR DECREASES

COMMUNITY SUPERVISION CHANGES - \$21.6 MILLION 2017-19 SAVINGS (\$63 MILLION 2019-21 SAVINGS)

Funding is reduced based on changes to law, which reduce the number of individuals serving or the time required to serve on community supervision.

- Eliminates community supervision for all offenders with only local jail sentences, except for those convicted of violent or sex offenses.
- Allows individuals to earn good time on a community supervision sentence.
- Requires that multiple sentences of community supervision be served concurrently unless otherwise ordered by the court.

PRISON CAPACITY CHANGES - \$10.5 MILLION 2017-19 SAVINGS (\$20.5 MILLION 2019-21 SAVINGS)

Funding is reduced based on changes to law that reduce prison sentences for certain individuals convicted of crimes.

- All convictions for simple possession of a controlled substance become an unranked felony, carrying a maximum of a 12-month jail sentence instead of a prison sentence.
- Implements a mandatory First Time Offender Waiver for all non-violent, non-sex offenses when it is the first felony offense. The judge may impose up to 90 days in a local jail and a sentence of community supervision.

HISTORICAL UNDERSPEND - \$16.1 MILLION 2017-19 SAVINGS (\$16.1 MILLION 2019-21 SAVINGS)

Funding is reduced to reflect continued underspending by the Department of Corrections of appropriated funds for administration, prison operations, offender programming, and healthcare

services.

NATURAL RESOURCES

INCREASES

STATE FISH AND WILDLIFE SUPPORT - \$5 MILLION 2017-19 ONLY

One-time funding is provided to assist the Department of Fish and Wildlife reconcile budget structure problems. The department is required to conduct a study of its management structure as well as conduct a zero-based budget analysis to identify individual program efficiencies and inequities.

WOLF AND HUMAN INTERACTION - \$ 1.5 MILLION 2017-19 ONLY

One-time funding is provided to the Department of Fish and Wildlife to continue cost-sharing agreements with livestock producers to support non-lethal measures that can be used to minimize livestock loss from wolves and other carnivores. Funding is also provided to support the Wolf Advisory Group, consisting of livestock producers, hunters and others, to minimize conflict resulting from wolf recovery and management.

FIRE SAFETY AND FOREST HEALTH - \$1.2 MILLION 2017-19 (\$1 MILLION 2019-21)

Funding is provided for a study to help inform the public about the efficacy and potential risks of fire retardant use. Funding is also provided to initiate a process for treating 200,000 acres per biennium of forests in need of thinning and other treatments.

SALMON RECOVERY - \$1.1 MILLION 2017-19 ONLY

One-time funding is provided for salmon recovery studies, one on the Hood Canal and the other in the Nisqually watershed.

TEANAWAY COMMUNITY FOREST- \$0.8 MILLION 2017-19 (\$0.7 MILLION 2019-21)

Additional funding is provided to implement the Teanaway Community Forest Plan. The Teanaway Community Forest is State owned, located in central Washington.

STATE PARKS - \$10 MILLION WASTE REDUCTION /RECYCLING /LITTER CONTROL ACCOUNT FUND TRANSFER

Additional funding is provided for maintenance and operations to assist State Parks carrying out operations and maintenance of the park system.

MARINE RESOURCES - \$0.4 MILLION AQUATIC LAND ENHANCEMENT ACCOUNT

Funding is provided to continue the work of the Marine Resources Advisory Council and the Washington Coastal Marine Advisory Council. Both councils facilitate the planning and coordination efforts of competing public interests in the marine environment.

SAVINGS AND DECREASES

STATE PARKS REVENUE - \$2.4 MILLION 2017-19 SAVINGS (\$2.4 MILLION 2019-21 SAVINGS)

Increasing revenues from Discover Pass sales allow the Parks and Recreation Commission to become less reliant on state general funds to operate and maintain State Parks.

REDUCE OPERATING COSTS FOR THE COLUMBIA RIVER GORGE COMMISSION - \$0.5 MILLION 2017-19 SAVINGS (\$0.5 MILLION 2019-21 SAVINGS)

The Columbia River Gorge Commission administers a compact between the Washington and Oregon State and the Federal Government. Washington State's share of the administrative

funding is reduced to approximately half to achieve savings for the state general fund.

CONTINUE REDUCTION IN LITTER CREWS - \$5.5 MILLION WASTE REDUCTION /RECYCLING /LITTER CONTROL ACCOUNT SAVINGS

Fewer litter crews will operate as funding is transferred to help keep State Parks open and accessible to the public.

REDUCE OPERATING COSTS IN THE DEPARTMENT OF ECOLOGY AND GRANTS - \$3.9 MILLION IN MODEL TOXICS CONTROL ACT ACCOUNTS SAVINGS

Operating functions within the Department of Ecology are reduced to save money in the toxics accounts due to the reduced revenue that comes primarily from the market prices of oil. Grants to local governments for stormwater control and assistance to update shoreline master plans are also reduced for the same reasons.

GENERAL GOVERNMENT & OTHER POLICY CHANGES

INCREASES

NEXT GENERATION 911 NETWORK IMPLEMENTATION - \$7.9 MILLION ENHANCED 911 ACCOUNT

The State Enhanced 911 Coordinator's Office will continue to upgrade the 911 telephone network to meet Next Generation 911 technology standards. Funding is provided for increased network costs due to the transition from an analog-based 911 system to an IP-based Next Generation 911 network.

SAVINGS OR DECREASES

SOVEREIGN IMMUNITY - \$32.7 MILLION 2017-19 2017-19 SAVINGS (\$32.8 MILLION 2019-21 SAVINGS)

General Fund-State savings are realized from the implementation of Senate Bill 5896, which requires legislative approval for that portion of a tort claim or judgement that exceeds \$1 million. The legislation would reduce state agency charges for participation in the state's self-insurance liability program.

REDUCE AGENCY MANAGEMENT AND INDIRECT STAFF - \$27.5 MILLION 2017-19 SAVINGS (\$55.0 MILLION 2019-21 SAVINGS)

Savings are achieved by eliminating 10 percent of agency management positions and 1 percent of all agency positions that do not provide a service directly to the public.

VOLKSWAGEN SETTLEMENT - \$21 MILLION 2017-19 SAVINGS

General Fund-State savings are realized from using funds received from the national Volkswagen consumer protection case settlement.

TRUANCY PETITION REIMBURSEMENT - \$14.6 MILLION 2017-19 SAVINGS (\$14.7 MILLION 2019-21 SAVINGS)

The allocation to county courts for truancy, at-risk youth, and children in need of service petition costs is eliminated due to other increased revenues for distributions to local governments in section 801 of the budget.

JUDICIAL STABILIZATION FUND - \$10 MILLION 2017-19 SAVINGS (\$10 MILLION 2019-21 SAVINGS)

General Fund-State savings are realized from extending the expiration date for surcharges on court filing fees that are deposited into the Judicial Stabilization Trust Account until July 1, 2012. Funds are used to support the Office of Civil Legal Aid activities.

PACIFIC TOWER LEASE - \$7.5 MILLION 2017-19 SAVINGS (\$7.5 MILLION 2019-21 SAVINGS)

General fund support for the lease at the Pacific Tower in Seattle is eliminated. The Pacific Tower houses state offices, Seattle Central College, and other health and community service organizations.

DISASTER RESPONSE FISCAL YEAR SHIFT - \$33.8 MILLION 2017-19 SAVINGS

Due to a delay in Federal Government reimbursement for the costs of responding to wildfires, \$42.5 million will be transferred from the General Fund to the Disaster Response Account in fiscal year 2017. \$33.8 million will be transferred back to the General Fund in fiscal years 2018 and 2019 after the Federal reimbursement is received.

CENTRAL SERVICE REFORMS - \$10.5 MILLION 2017-19 SAVINGS (\$10.5 MILLION 2019-21 SAVINGS)

Personnel Services at the Department of Enterprise Services is transferred to State Human Resources at the Office of Financial Management. Financial and human resource services at the Department of Enterprise Services are transferred to the Office of Financial Management. The costs of the budgeting, accounting, forecasting, and policy divisions at the Office of Financial Management are allocated across agencies and funds based on the number of budgeted employees at each agency.

ECONOMIC DEVELOPMENT PROGRAM REDUCTIONS - \$7.1 MILLION 2017-19 SAVINGS (\$7.1 MILLION 2019-21 SAVINGS)

Savings are achieved by eliminating economic development programs at the Department of Commerce including: the Business Development Unit, International Trade Program, Marketing and Communication Activities, and Economic Sector Leads.

OTHER CHANGES

INFORMATION TECHNOLOGY (IT) POOL - \$18.9 MILLION, \$1.3 MILLION-OTHER FUNDS

The IT Investment Revolving Account created in 2015 is made permanent. 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.

APPENDIX A

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

Proposed Transfers	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>
<i>To the General Fund</i>			
Public Works Assistance Account	-	127.4	20.0
Disaster Response Account	-	33.8	-
State Treasurer's Service Account	-	12.0	-
Criminal Justice Treatment Account	-	8.9	-
Child and Family Reinvestment Account	-	7.2	-
Electrical License Account	-	2.0	-
New Motor Vehicle Arbitration Account	-	2.0	-
Death Investigations Account	-	1.2	-
Business and Professions Account	-	1.0	-
Tobacco Prevention and Control Account	-	1.0	-
Fund Transfers to the General Fund	-	196.5	20.0
Budget Driven Revenue			
Liquor Control Board (Liquor)	0.1	(0.2)	3.0
Lottery	0.3	1.7	1.9
Habitat Conservation	-	(1.4)	(1.7)
Marijuana Distribution Changes	(1.2)	2.0	2.3
RTA Administrative Fee	-	7.7	11.6
Budget Driven Revenue	(0.8)	9.8	17.1

APPENDIX B

Revenue Related Legislation (Dollars in Thousands)

Bill #	Brief Title	2017-19	2019-21
SB 5260	Solar Silicon Manuf. Tax	(1,797)	(4,940)
SSB 5303	Aquatic invasive species	(1,046)	(2,866)
SSB 5642	Sales tax deferral/job training program	(2,600)	(2,600)
SSB 5135	Main Street Program	(1,417)	(2,000)
SB 5786	B&O Exemption for Certain Agriculture fertilizer and seed	(551)	(581)
SB 5409	Historic Auto Museums Tax deferral	(278)	(278)
SB 5799	Food flavor tax exemption	(150)	(156)
SB 5557	Clay Target Sales Tax Exemption	(40)	(45)
SSB 5188	Current Use Natural Disasters	(42)	(42)
SB 5515	Silicon smelters	0	0
SSB 5866	Tax appeals court	0	0
SSB 5768	LET Credit for universities and airports	0	0
SB 5738	Newspaper Effective Date Correction	0	0
SB 5844	Citizen Commission Improvements	0	0
SB 5121	Fire protection districts levies	0	0
SB 5439	Coal electricity conversion	0	0
SSB 5358	Tax Clean Up	0	0
SB 8204	Const. Amendment Income Tax	0	0
SSB 5143	Nonprofit Homeowner Development	0	0
SSB 5104	Prop Tax Exemption Line of Duty	0	0
2SSB 5475	Small Modular Reactors Tax	0	0
SSB 5783	Senior Center Property Tax	0	0
SB xxxx	Smart on Crime	2,448	2,448
SB xxxx	Lump sum payment to Pers 1	56,000	171,000
SSB 5033	Local government infrastructure debt		250,722
SSB 5607	Local effort levy - K12 reform	1,521,000	4,045,000
Total		1,571,527	4,455,662

CREATING A TAX COURT (NO FISCAL IMPACT 2017-19 OR 2019-21)

Substitute Senate Bill 5866 (tax court) creates a tax court in the judiciary and eliminates the existing Board of Tax Appeals. Taxpayers can appeal excise, property and estate tax cases to the tax court. The court consists of two divisions: one that hears complex cases and the other that hears less complex cases. The court has concurrent jurisdiction with the superior courts. The court is created in 2019.

RELATING TO A PILOT PROGRAM THAT PROVIDES INCENTIVES FOR INVESTMENTS IN WASHINGTON STATE JOB CREATION AND ECONOMIC DEVELOPMENT - \$2.6 MILLION DECREASE 2017-2019 (\$2.6 MILLION 2019-2021)

Substitute Senate Bill 5642 (job creation) makes permanent a pilot project that grants sales tax deferrals on the first \$10 million to five manufacturing projects. Under the bill, two projects a year will be granted a sales tax deferral. Recipients pay back the deferred tax into workforce training programs that support manufacturing.

MODIFYING THE MAIN STREET PROGRAM - \$1.4 MILLION DECREASE 2017-2019 (\$2 MILLION (2019-21)

Substitute Senate Bill 5135 (main street program) increases the total statewide amount of business and occupation tax credits that may be taken from \$1.5 million to \$2.5 million. The legislation also makes administrative changes to the program.

CONCERNING A LEASEHOLD EXCISE TAX CREDIT FOR UNIVERSITY AND AIRPORT PROPERTIES IN EXCESS OF TEN MILLION DOLLARS - NO FISCAL IMPACT IN THE 4 YEARS

Substitute Senate Bill 5768 (leasehold excise tax credit) provides a leasehold excise tax credit for the amount of leasehold excise tax exceeding the property tax that would otherwise be due. The credit applies to certain airports and universities on parcels that exceed \$10 million in assessed value. The bill takes effect July 1, 2021 and expires June 30 2031.

CONCERNING THE CONTINUATION OF TAX PREFERENCES SUPPORTING THE SOLAR SILICON MANUFACTURING INDUSTRY - \$1.8 MILLION DECREASE 2017-19 (\$4.9 MILLION 2019-21)

Senate Bill 5260 (silicon manufacturing) extends two tax preferences that support the solar silicon manufacturing industry. One preference is a manufacturing rate of 0.275 percent, and the second preference provides a sales tax exemption on sales of gases and chemicals used in the production of semiconductor materials. The exemptions are set to expire in 2017 and this bill will extend the expiration until 2027.

SILICON SMELTERS - INDETERMINATE FISCAL IMPACT

Senate Bill 5515 (silicon smelters) creates a public utility tax and business and occupation tax credit for a utility selling natural gas or electricity to a silicon smelter. The price charged to the smelter must be reduced by the amount of the credit.

CREATING A BUSINESS AND OCCUPATION TAX EXEMPTION FOR CERTAIN SALES OF COMMERCIAL FERTILIZER, AGRICULTURAL CROP PROTECTION PRODUCTS, AND SEED - \$551,00 DECREASE 2017-19 (\$581,000 2019-21)

SB 5786 (crop production products) creates a business and occupation tax exemption for wholesale sales of agricultural crop production products, seed, and fertilizer when there is specified common ownership of distributors and retailers.

EXTENDING THE SALES AND USE TAX DEFERRAL FOR HISTORIC AUTOMOBILE MUSEUMS - \$278,000 DECREASE 2017-2019 (\$278,000 2019-21)

SB 5409 (automobile museums) extends a sales tax deferral on the construction of a historic automobile museum. The five-year deferral comes due in 2017. This bill extends the deferral an additional five years so that it will not come due until 2022.

REMOVING THE EXPIRATION DATE FROM THE SALES AND USE TAX EXEMPTIONS FOR CERTAIN PRODUCTS THAT IMPART FLAVOR TO FOOD - \$150,000 DECREASE 2017-19 (\$156,000 2019-21)

Senate Bill 5799 (products that impart flavor) removes the expiration date on a sales tax exemption for sales to restaurants of flavor-imparting products. These products include items such as cedar planks. The exemption is currently set to expire in 2017.

CONCERNING REMOVAL OF LAND FROM THE CURRENT USE PROPERTY TAX CLASSIFICATION DUE TO CERTAIN NATURAL DISASTERS - \$42,000 DECREASE 2017-19 (\$42,000 2019-21)

Substitute Senate Bill 5188 (natural disasters) exempts land removed from the designated forestland program due to a natural disaster from the compensating tax. The bill also adds wildfire to the natural disaster exception on land removed from the open space program.

MAKING A TECHNICAL CORRECTION TO PROVIDE THAT THE BUSINESS AND OCCUPATION TAX RATE FOR NEWSPAPERS TAKES EFFECT AS OF JULY 1, 2015 - MINIMAL FISCAL IMPACT

SB 5738 (newspapers) corrects the effective date of the last extension of the business and occupation tax rate for newspapers to the intended date.

EXTENDING THE SALES TAX EXEMPTION FOR CLAY TARGETS PURCHASED BY A NONPROFIT GUN CLUB - \$40,000 DECREASE 2017-19 (\$45,000 2019-21)

Senate Bill 5557 (clay targets) extends a sales tax exemption on sales of clay targets to nonprofit gun clubs. The exemption is currently set to expire in 2017. Under the bill it will expire in 2027.

ADOPTING CITIZEN COMMISSION 2016 RECOMMENDATIONS AND MAKING ADJUSTMENTS TO THE COMMISSION'S REVIEW PROCESS - NO REVENUE IMPACT

Senate Bill 5844 (citizens commission) adopts some of the recommendations of the Citizen Commission on Tax Preferences 2016 recommendations. The bill terminates six tax preferences that have not been used, provides five tax preference performance statements, and requires the commission to recommend statutory metrics for tax preferences that they recommend the Legislature to review and clarify.

CONCERNING FIRE PROTECTION DISTRICT TAX LEVIES - NO REVENUE IMPACT

Senate Bill 5121 (fire districts) authorizes the fire protection districts to impose a third regular property tax levy without employing a full time employee.

PROVIDING SALES AND USE TAX EXEMPTIONS, IN THE FORM OF A REMITTANCE, TO ENCOURAGE COAL-FIRED ELECTRIC GENERATION PLANTS TO CONVERT TO NATURAL GAS-FIRED PLANTS OR BIOMASS ENERGY FACILITIES - NO REVENUE IMPACT

Senate Bill 5439 (coal-fired plants) provides a sales and use tax exemption for the construction related to the conversion of a coal-fired electric generation facility into a natural gas-fired or biomass electrical generation facility. The exemption is in the form of a remittance and may not be paid prior to July 1, 2021.

IMPROVING TAX AND LICENSING LAWS ADMINISTERED BY THE DEPARTMENT OF REVENUE - NO REVENUE IMPACT

Substitute Senate Bill 5358 (tax and licensing laws) makes a number of technical corrections to tax and licensing laws administered by the Department of Revenue. These changes do not have an impact on revenue collections.

AMENDING THE CONSTITUTION TO PROHIBIT THE TAXATION OF INDIVIDUAL INCOME - NO REVENUE IMPACT

Senate Joint Resolution 8204 (prohibiting an income tax) amends the Washington state constitution to prohibit taxation of individual income. Income is described as deriving from wages, investments, the sale of goods or services, or any other source.

CONCERNING THE EXEMPTION OF PROPERTY TAXES FOR NONPROFIT HOMEOWNERSHIP DEVELOPMENT - NO REVENUE IMPACT

Senate Bill 5143 (homeownership development) adds single-family dwelling units that reside and land that is leased for life or 99 years to the property tax exemption for nonprofit homeownership development.

CONCERNING THE CREATION OF PROPERTY TAX EXEMPTION FOR SPOUSES OF MILITARY MEMBERS OR FIRST RESPONDERS KILLED IN THE LINE OF DUTY

Substitute Senate Bill 5104 (Spouses of First Responders) provides a lifetime property tax exemption to people whose spouses are killed in the line of duty, either in the military or as first responders. Eligibility is limited to spousal recipients of certain federal and state benefits for people whose family members were killed in the line of duty. The exemption continues even upon remarriage.

PROVIDING A BUSINESS AND OCCUPATION TAX EXEMPTION FOR MANUFACTURERS OF SMALL MODULAR REACTORS – INDETERMINATE FISCAL IMPACT

Second Substitute Senate Bill 5475 (small modular reactors) provides a business and occupation tax exemption for the manufacture and sale of small modular reactors which are factory-fabricated nuclear power plants that can be transported by truck or rail.

EXEMPTING MULTIPURPOSE SENIOR CITIZEN CENTERS FROM PROPERTY TAXATION

Substitute Senate Bill 5783 (exempting multipurpose senior citizen centers from property tax) provides a property tax exemption for multipurpose senior centers owned by senior center organizations and used for the operation of the senior center.

AQUATIC INVASIVE SPECIES MANAGEMENT - \$1 MILLION DECREASE 2017-19 (\$2.8 MILLION 2019-21)

Substitute Senate Bill 5303 (aquatic invasive species) directs a portion of the public utility tax on light and power businesses to the newly created aquatic invasive species management account to implement an aquatic invasive species related provision in the bill.

CONCERNING THE CHANGE OF DRIVING WITH A LICENSE SUSPENDED (3) FROM A CRIME TO AN INFRACTION - \$2.4 MILLION INCREASE 2017-19 (\$2.4 MILLION 2019-2021)

Senate Bill No. ... (Concerning convicted persons) makes the current Misdemeanor violation under RCW 46.20.342.1C (DWLS3) a traffic infraction resulting in a \$550 dollar fine. Traffic violation revenue is split between the state general fund, local revenue, and various state assessments to other accounts for specific programs.

ALLOWING THE STATE TO GUARANTEE DEBT ISSUED TO LOCAL GOVERNMENTS - NO REVENUE IMPACT 2017-19 (\$250.7 MILLION INCREASE 2019-21)

Substitute Senate Bill 5033 permanently dedicates portions of the Public Utilities Tax, Solid Waste Tax and Real Estate Excise Tax to the Education Legacy Trust Account. It also permits the state to issue bonds for local infrastructure projects pooled by the Public Works Board that would enjoy the full faith and credit of the state, but the debt is not subject to the state Constitutional debt limit if the Senate Joint Resolution 8201 (local debt) is approved by the voters. If the Constitutional amendment is not approved, the bill authorizes the WA State Housing Finance Commission to offer an infrastructure borrowing program.

CONCERNING A SURCHARGE ON PUBLIC EMPLOYERS FOR EARLY PAYMENT OF UNFUNDED PENSION LIABILITIES - \$56 MILLION 2017-19 (\$171 MILLION 2019-21)

Revenue is included from a new surcharge on Public Employee Retirement System (PERS) employers for a one-time payment of \$700 million from the Budget Stabilization Account toward the PERS plan 1 unfunded actuarially accrued liability. The surcharge redirects savings that result from reductions in contribution rates based on the payment to the state general fund.

APPENDIX C

2017-19 Omnibus Operating Budget
PSSB 5048 Senate Chair
NGF-S + Opportunity Pathways
(Dollars In Thousands)

	2017-19	2019-21
<i>Employee and Bargained Non-Employee Comp</i>		
Rep (all other) & Non-Rep Employee: Salary & Wages	89,979	119,970
Rep. Employees (Approved CBAs): Salary and Wages	78,841	105,861
Non-Employee: DD/LTC Service Providers and Parity	76,159	103,540
Rep. and Non-Rep Employees: Benefit Rate	17,984	34,904
Non-Employee: Child Care Providers and Parity	11,872	11,938
Other Increases	100	100
<i>Employee and Bargained Non-Employee Comp Total</i>	274,935	376,313
<i>K-12 Education</i>		
Per Pupil Funding Distribution and Implementation	2,112,220	7,585,924
Other Increases	6,104	3,621
CTE Ed Grants (SSB 5853)	6,000	0
TRS1 Minimum Retirement Allowances	4,000	4,400
Local Taxing Districts	3,900	0
Transfers	0	1,092
I-1351 (Class Size)	0	-1,914,398
Other Savings	-527	-455
Assessment Changes (SB 5891)	-7,244	-7,244
Local Effort Assistance	-73,712	-664,365
K-12 Education: I-732	-255,980	-1,009,153
<i>K-12 Education Total</i>	1,794,761	3,999,422
<i>Higher Education Institutions</i>		
Res. Undergraduate/STEM Enrollment	27,398	38,118
Spokane Medical (WWAMI & WSU)	10,000	8,008
Other Increases	7,127	2,915
Regenerative Medicine Institute	6,000	6,006
SSC Labor Education/Research Ctr	-328	-328
Shift Funding Between Accounts	-4,190	-4,689
Waive Less Tuition	-19,860	-19,881
<i>Higher Education Institutions Total</i>	26,147	30,150
<i>Higher Education Financial Aid</i>		
State Need Grant	37,566	42,381
Opportunity Scholarship	14,730	0
Shift Funding Between Accounts	-500	0
Other Savings	-587	-589
Financial Aid Program Suspensions	-14,064	-11,514
WorkFirst Refinance Financial Aid	-47,168	-47,218
<i>Higher Education Financial Aid Total</i>	-10,023	-16,940
<i>Early Learning & Child Care</i>		
Child Care Caseload Adjustment	12,028	12,245
ECEAP Slot Rate Increase	11,516	11,668
Other Increases	2,290	2,101
ECEAP Expansion	0	2,554
Time and Attendance System Caseload Cost Avoidance	0	-16,813
ECEAP Entitlement	0	-54,155
Other Savings	-1,206	-1,657
Early Achievers Reduction	-16,613	-15,071
Child Care Eligibility Savings	-43,968	-48,684
<i>Early Learning & Child Care Total</i>	-35,953	-107,813

2017-19 Omnibus Operating Budget
PSSB 5048 Senate Chair
NGF-S + Opportunity Pathways
(Dollars In Thousands)

	2017-19	2019-21
Health Care		
Hepatitis C Treatment Costs	49,758	53,125
Andy Hill Cancer Research Endowment	10,000	0
WSHIP Assessment	5,577	8,170
Other Increases	4,261	5,617
Oral Health Pilot Program	3,408	-5,086
Access to Autism Services	3,000	0
Lead Exposure	2,365	0
Collaborative Care	1,102	1,389
Hospital Safety Net - Maintain	0	-292,000
Other Savings	-3,797	-3,992
Managed Care Dental	-5,827	-15,164
Shift Funding Between Accounts	-9,390	0
Prescription Drug Costs	-32,121	-46,064
I-502 Marijuana Distributions	-86,878	-134,504
Health Care Total	-58,542	-428,509
Behavioral Health		
Hospital Compliance	52,716	47,617
Enhanced Discharge Placements	16,164	34,588
Contracted Forensic Beds	9,180	9,755
Crisis Walk-in Centers	6,858	14,575
Alternative Restoration Contracts	6,352	6,750
Private Community BH Hospital Beds	5,571	37,374
Inpatient Psychiatric Increase	3,660	3,930
Other Increases	2,847	2,904
Discharge and Financial Specialists	1,991	2,089
Clubhouses	1,500	4,782
SUD Treatment & Peer Support	774	814
Housing and Stepdown Services	0	822
Civil Wards at WSH	-3,369	-26,909
SBC Underspend	-9,680	-10,286
Behavioral Health Total	94,564	128,805
Long Term Care & DD		
Nursing Home Direct Care Payments	10,900	11,902
Nutrition Assistance Older Adults	3,000	3,188
High School Transition Students	2,701	5,209
Other Increases	1,918	-1,575
Informal Supports	1,257	1,337
Snohomish County Rate Adjustment	1,130	1,211
Homecare Training - Reform	-2,500	-5,313
Medicaid Transformation Waiver Savings	-3,300	-33,876
Employment Historical Underspend	-4,694	0
Homecare Healthcare - Reform	-12,400	-26,354
RHC Consolidation	-21,267	16,110
Long Term Care & DD Total	-23,255	-28,160

2017-19 Omnibus Operating Budget
PSSB 5048 Senate Chair
NGF-S + Opportunity Pathways
(Dollars In Thousands)

	2017-19	2019-21
<i>Children & Family Services</i>		
Child Welfare System Improvement	11,290	13,724
Shift Funding Between Accounts	7,218	-4,692
Other Increases	950	742
Other Savings	-1,676	-1,706
Spending Reduction/Underspend	-5,289	-4,117
<i>Children & Family Services Total</i>	12,493	3,951
<i>Corrections and Other Criminal Justice</i>		
Enhanced Sentencing	3,727	10,970
Basic Law Enforcement Academy	3,422	0
Other Increases	3,095	1,144
Other Savings	-100	-1,044
Shift Funding Between Accounts	-2,000	-2,048
Reduction to Offender Change	-5,395	-5,525
Prison Capacity Savings	-10,536	-20,547
Historical Underspend	-10,711	-10,967
Supervision Savings	-21,604	-41,371
<i>Corrections and Other Criminal Justice Total</i>	-40,102	-69,387
<i>Other Human Services</i>		
Homelessness: Increases	3,215	3,271
Other Increases	620	421
Homelessness: Savings	-420	-421
Other Savings	-2,273	-2,284
Homelessness: Shift Between Funds	-3,489	-3,496
Time Limit Pending SSI	-3,766	-4,030
State Food Assistance	-4,244	-4,321
Shift Funding Between Accounts	-5,602	-5,612
FSS Lead Staffing	-6,068	-6,178
TANF/WorkFirst Exemptions	-15,998	-16,287
WorkFirst Savings	-16,712	-11,960
Housing and Essential Needs	-52,283	-52,376
WorkFirst Fund Balance	-63,324	0
<i>Other Human Services Total</i>	-170,344	-103,272
<i>Natural Resources</i>		
Fish & Wildlife Operating Budget Enhancement	5,000	0
Other Increases	4,825	1,829
Reduce Agency Admin	-962	-964
Forest Practices Savings	-1,147	-1,150
Other Savings	-1,989	-2,495
Shift Funding Between Accounts	-4,500	-3,005
<i>Natural Resources Total</i>	1,227	-5,784

2017-19 Omnibus Operating Budget
PSSB 5048 Senate Chair
NGF-S + Opportunity Pathways
(Dollars In Thousands)

	2017-19	2019-21
All Other Policy Changes		
Debt Service	51,833	97,540
Leases and Lease Pool	11,170	-1,236
Other Increases	8,698	6,606
Information Technology Pool	8,693	0
Central Services	7,199	7,111
Judicial: Other Increase	1,788	1,731
Tax Appeals Court	1,093	8,992
L&I: Increases	600	0
Legislative	180	180
Judicial: Other Decrease	-1,617	-1,625
Administrative Fee on Dues	-3,954	-4,076
Eliminate Select Positions	-5,777	-11,575
DRS Administrative Fee	-7,210	-7,242
Pacific Tower General Fund	-7,525	-7,540
Other Savings	-9,978	-10,124
OFM Central Service Charges	-10,291	-10,301
Initiative 1433 Minimum Wage	-10,391	-3,023
Truancy Petition Reimbursement	-14,626	-14,652
Shift Funding Between Accounts	-15,889	-15,051
Replace GF-State with VW Payment	-21,000	0
Management Reduction of 10%	-21,732	-43,542
Sovereign Immunity	-32,709	-32,775
Local Public Safety Account	-50,000	-50,000
LEOFF 2 State Contribution Rate	-108,727	-111,224
All Other Policy Changes Total	-230,172	-201,826
Grand Total	<u>1,635,736</u>	<u>3,576,948</u>
<i>NGF-P = GF-S + ELT + OpPath</i>		