

WASHINGTON STATE



2019-21 OPERATING BUDGET

OVERVIEW

Ways & Means Committee

PROPOSED
FINAL

SENATE WAYS & MEANS COMMITTEE
April 2019

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Omnibus Operating Budget Overview Context

The 2019 legislature started the 2019-21 biennial budget process with \$5.6 billion more projected revenue than the 2018 legislature did for the preceding 2017-19 biennium¹. Over the same time, the projected costs for continuing current programs and other mandatory cost adjustments into the 2019-21 biennium from 2017-19 increased by \$5.8 billion. These added costs do not include new fiscal and policy issues facing the 2019 legislature such as behavioral health, special education, implementation of the School Employee Benefit program, collective bargaining agreements, federal oversight of Western State Hospital and the Residential Habilitation Centers (RHCs), and other issues.

Proposed Final Budget Proposal

The Proposed Final budget (Engrossed Substitute House Bill 1109) increases spending by \$7.8 billion in state General Fund, Education Legacy Trust Account, and the Washington Opportunity Pathways Account (NGF-O) above the 2017-19 biennial budget adjusted for the 2018 Supplemental. The \$7.8 billion increase includes the \$5.8 billion in current obligations as discussed above as well as \$1.9 billion in net new spending. This proposal would bring NGF-O spending to \$52.4 billion (\$99.6 billion total funds) in 2019-21. This does not include \$393 million in additional spending for higher education programs found in Engrossed Second Substitute House Bill 2158 (Workforce Education Investment)

Of the \$7.8 billion in net spending, K-12 education represents \$4.5 billion or 60 percent of the increase due to fully implementing McCleary costs and a \$936 million increase in special education over 2017-19 levels. Long-term care, developmental disabilities, behavioral health and low-income health care account for \$1.8 billion (22 percent) and debt for existing and new capital budgets is \$132 million (2 percent).

Major savings or spending constraints from the 2019-21 base budget include: (1) \$102 million in savings from expanded program integrity initiatives in the area of managed care and (2) \$23 million in savings from modifying spending within agencies and institutions to lower the cost of overtime, travel, equipment, and other costs.

Resource Changes:

ESHB 1109 is supported with \$423 million in net new revenue legislation (\$495 in increases and \$135 million in decreases) and \$189 million in net new transfers and budget driven revenue. The major new revenue legislature increases include (1) \$244 million from Graduated Real Estate Excise Tax (Senate Bill 5998); (2) \$133 million from a 1.2 percent business and occupation tax on certain financial institutions; (4) \$63 million in savings from state property taxes redirected to the Education Legacy Trust Account; reduced extraordinary; (5) \$59 million from changes to international investment management services; and (6) \$59 million from changes from non-resident sales tax exemption and the preferential tax rate for tour operators.

The major new revenue legislation decreases include (1) \$51 million in a state sales tax credit for affordable or supportive housing; (2) \$20 million for low-income senior citizens and disabled veterans; and (3) \$15 million business and occupation tax exemption for qualifying hospitals.

The projected ending fund balance at the end of 2019-21 is \$446 million and \$2.79 billion in total reserves

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

¹ Revenues refer to the State General Fund, Education Legacy Trust, and Opportunity Pathways (NGF-O) adjusted for the 2018 Supplemental.
2019-21 Proposed Final Budget

The Four-Year Outlook

The Proposed Final Budget, under the provisions of the four-year budget outlook (Chapter 8, Laws of 2012), is projected to end the 2021-23 biennium with \$102 million in NGF-O ending fund balance and \$3.1 billion in total reserves.

2019-21 Omnibus Operating Budget

Proposed Final Budget

Funds Subject to Outlook

(Dollars in Millions)

	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2019-21	FY 2022	FY 2023	2021-23
Beginning Balance	1,149	2,111	1,149	1,862	1,183	1,862	446	19	446
Current Revenues	22,143	23,964	46,106	24,715	25,840	50,555	27,003	28,218	55,221
March 2019 Revenue Forecast	22,143	23,964	46,106	24,715	25,840	50,555	26,730	27,629	54,358
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	0	0	0	273	589	863
Other Resource Changes	-198	-542	-740	-44	136	92	188	148	336
GF-S Transfer to BSA (1%)	-216	-223	-440	-243	-255	-497	-263	-273	-536
GF-S Extraordinary Revenue to BSA	0	-1,696	-1,696	0	0	0	0	0	0
Extraordinary Revenue from BSA to GF-S	0	1,078	1,078	0	0	0	0	0	0
CAFR Adjustments	-26	0	-26	0	0	0	0	0	0
Prior Period Adjustments	91	20	111	20	20	41	20	20	41
Other Legislation	0	0	0	-51	-50	-101	-32	7	-25
Budget Driven Revenue	0	-2	-2	-11	-9	-20	-3	-3	-6
Revenue Legislation	0	0	0	149	312	460	319	328	647
Fund Transfers	59	281	340	91	118	209	147	68	215
McCleary Penalty Account	-105	0	-105	0	0	0	0	0	0
Total Revenues and Resources	23,094	25,532	46,515	26,533	27,159	52,509	27,637	28,386	56,003
Enacted Appropriations	21,036	23,626	44,661	21,035	23,626	44,661	23,815	24,009	47,824
Carryforward Level Adjustments	0	0	0	3,037	406	3,442	418	424	842
Maintenance Level Total	0	87	87	650	1,731	2,381	2,566	2,910	5,476
Policy Level Total	0	100	100	796	1,138	1,934	973	1,081	2,054
K-12 Education	0	13	13	102	177	279	165	153	318
SEBB Rate	0	0	0	105	224	329	253	255	509
Early Learning	0	-3	-3	-5	2	-3	23	15	38
Higher Education	0	1	1	34	36	70	35	43	79
Hospital Safety Net	0	0	0	0	0	0	-146	-146	-292
Social & Health Services	0	6	6	68	78	147	32	21	54
Low Income Health Care & Comm Behavioral Health	0	28	28	45	-54	-8	-43	-38	-82
Corrections	0	12	12	30	40	70	39	39	77
All Other	0	44	44	180	190	370	86	138	224
Debt Service	0	0	0	3	37	40	111	180	291
Compensation	0	0	0	69	116	186	126	130	255
Employee Compensation	0	0	0	165	291	455	291	291	582
Reversions	-53	-142	-195	-167	-188	-356	-155	-140	-295
Revised Appropriations	20,983	23,670	44,653	25,350	26,713	52,063	27,617	28,284	55,901
Projected Ending Balance	2,111	1,862	1,862	1,183	446	446	19	102	102

Budget Stabilization Account									
Beginning Balance	1,638	1,369	1,638	1,729	2,019	1,729	2,339	2,680	2,339
	FY 2018	FY 2019	2017-19	FY 2020	FY	2019-21	FY 2022	FY 2023	2021-23
GF-S Transfer to BSA (1%)	216	223	440	243	255	497	263	273	536
GF-S Extraordinary Revenue to BSA	0	1,696	1,696	0	0	0	0	0	0
Extraordinary Revenue from BSA to GF-S	0	-1,078	-1,078	0	0	0	0	0	0
BSA Transfer to Pension Stabilization Acct	-463	-463	-925	0	0	0	0	0	0
Appropriations from BSA	-41	-42	-84	0	0	0	0	0	0
Prior Period Adjustments Interest	2	0	2	0	0	0	0	0	0
Earnings	16	23	39	47	66	113	78	92	170
Budget Stabilization Account Ending Balance	1,369	1,729	1,729	2,019	2,339	2,339	2,680	3,045	3,045
Total Reserves	3,480	3,590	3,590	3,201	2,785	2,785	2,699	3,147	3,147

Functional Areas of Government

K-12 Public Schools

Increases

MAINTENANCE LEVEL INCREASES - \$3.9 BILLION 2019-21 (\$3.6 BILLION 2021-23)

Funding through maintenance level for K-12 is increased by \$3.9 billion, including \$2.1 billion for school employee salaries, \$497 million for cost of living adjustments, \$245 million for increases in enrollment.

SCHOOL EMPLOYEE BENEFITS - \$318.7 MILLION 2019-21 (\$508.6 MILLION 2021-23)

Funding is provided for school employee health care benefits as provided by the School Employees' Benefits Board, beginning January 1, 2020. The per employee per month funded rates are \$994 in fiscal year 2020 and \$1,056 in fiscal year 2021.

SPECIAL EDUCATION - \$155.2 MILLION 2019-21 (\$139.0 MILLION 2021-23)

Funding is provided for (1) the implementation of Engrossed Second Substitute Senate Bill 5091 to increase the special education multiplier from 0.9609 to 0.995 and change to a tiered multiplier beginning in school year 2020-21; (2) increased access to the special education safety net by lowering the threshold; and (3) professional development for inclusionary practices. The new policy funding of \$155 million in the 2019-21 biennium is in addition to an increase of \$759 million through maintenance level.

LOCAL EFFORT ASSISTANCE AND ENRICHMENT LEVIES - \$61.6 MILLION 2019-21 (\$121.4 MILLION 2021-23)

Funding is provided for increased Local Effort Assistance (LEA) payments beginning in calendar year 2020, related to the levy and LEA changes in Proposed Substitute House Bill 2140 (K-12 education funding). LEA funding is 10 percent of the state and federal levy base. The bill changes levy authority to either 20 percent of the state and federal levy base or the lesser of \$3,000 per pupil or \$1.50 per \$1,000 of assessed value.

PARAEDUCATOR TRAINING - \$12 MILLION 2019-21 (\$13.4 MILLION 2021-2023)

Funding is provided for two days of comprehensive training on the fundamental paraeducator standards beginning in the 2019-2020 school year pursuant to Chapter 237, Laws of 2017.

EXPANSION OF HIGH-SKILLED PROGRAM GRANTS AND CAREER TECHNICAL EDUCATION PROGRAMS - \$4.1 MILLION 2019-21 (\$3.8 MILLION 2021-2023)

Funding is provided to expand the current grant program for secondary career and technical education to include support for the maritime and construction industries, in addition to the current funding for aerospace programs. Funding is also provided for staffing and grants to assist districts in expanding course equivalencies for career and technical education courses, as required in Second Substitute House Bill 1424 (CTE course equivalencies).

INSTITUTIONAL EDUCATION - \$2.9 MILLION 2019-21 (\$3.6 MILLION 2021-23)

Funding is provided to institutional education programs to support students with unique educational needs and for a student records coordinator to manage the transmission of student

records with the Echo Glen school – a long-term residential schools under the Department of Children, Youth and Family Services.

CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS - \$2.8 MILLION 2019-21 (\$2.6 MILLION 2021-2023)

Funding is provided to support the current statewide outreach program administered by the Center for Childhood Deafness and Hearing Loss, to expand the Washington career academy, and to increase staffing for nutritional services, social work, and administrative support.

STUDENT SAFETY AND WELL-BEING - \$2.5 MILLION 2019-21 (\$2.5 MILLION 2021-2023)

Funding is provided for each educational service district to establish a Regional School Safety Center and for the Office of the Superintendent of Public Instruction to monitor certain safety-related programs and plans pursuant to Second Substitute House Bill No. 1216 (student safety and well-being).

Behavioral Health

Increases

HOSPITAL OPERATIONS - \$70.0 MILLION 2019-21 (\$3.0 MILLION 2021-23)

One-time funding is provided to cover increased staffing costs necessary for the current state hospital operations at Western State Hospital, Eastern State Hospital, and the Child Study and Treatment Center during the 2019-21 biennium while requiring the department to finish a comprehensive staffing model to support operations and costs.

TRUEBLOOD SETTLEMENT - \$74 MILLION 2019-21 (\$102.3 MILLION 2021-23)

Funding is provided for services required for phase one of the settlement agreement under Trueblood et al v. DSHS concerning the provision of inpatient forensic services within court-mandated timelines.

WESTERN STATE HOSPITAL SAFETY MEASURES - \$21.9 MILLION 2019-21 (\$22.2 MILLION 2021-23)

Funding is provided to improve the safety for patients and staff through increased training, more security guards, enclosure of nursing stations, and the implementation of a STAR ward for patients with increased behavioral issues.

COMMUNITY LONG-TERM INPATIENT BEDS - \$47.3 MILLION 2019-21 (\$87.5 MILLION 2021-23)

Funding is provided to contract with private community hospital and evaluation and treatment beds to provide long-term inpatient care for individuals on 90 and 180 day commitments. These beds are intended to replace beds at the state hospitals over time.

ENHANCED DISCHARGE PLACEMENTS - \$32.0 MILLION 2019-21 (\$84.9 MILLION 2021-23)

Funding is provided for enhanced bed rates to create available beds in settings such as adult family homes, assisted living facilities, enhance service facilities, nursing homes to create discharge placements for individuals coming out of the state hospitals.

EXPANDED COMMUNITY SERVICES AND BEDS - \$35.3 MILLION 2019-21 (\$48.9 MILLION 2021-23)

Funding is provided for services and beds in the community to meet increased needs and provide more appropriate services for individuals with behavioral health needs. Services

include items such as intensive outpatient treatment, clubhouses, intensive behavioral health facilities, wraparound services, assertive community treatment, and suicide prevention.

Savings or Decreases

TRUEBLOOD FINES - \$96 MILLION SAVINGS 2019-21 (\$96 MILLION SAVINGS 2021-23)

Savings are assumed based on provision of the services required by the settlement agreement pursuant to Trueblood et al v. DSHS concerning the provision of inpatient forensic services within court-mandated timelines.

CIVIL WARD CLOSURES AT WESTERN STATE HOSPITAL - (\$59 MILLION SAVINGS IN 2021-23).

Savings are assumed through the closure of six civil wards during the 2019-21 biennium. Ward closures are based on creating capacity for the civil placements in community settings to include discharge placements, expanded community services and beds, and community long-term inpatient settings.

BEHAVIORAL HEALTH ORGANIZATION RESERVES - \$35 MILLION SAVINGS 2019 and \$35 MILLION SAVINGS 2019-21

Funding is returned to the state as required by contracts with the Behavioral Health Organizations (BHOs) as they transition into a fully integrated managed care system. Five BHOs are scheduled to cease services in fiscal year 2019 with the last three ending January 1, 2020.

INSTITUTION FOR MENTAL DISEASE (IMD) WAIVER - \$16.2 MILLION SAVINGS 2019-21 (\$34.0 MILLION SAVINGS 2021-23)

Savings are assumed by requiring the Health Care Authority to obtain a federal waiver from the Centers for Medicare and Medicaid Services to allow services in an IMD to receive federal match dollars based on an average of 30 days rather than the current 15-day maximum.

Higher Education

Increases

STATE NEED GRANT AND WA COLLEGE GRANT - \$17 MILLION 2019-21 (\$186 MILLION - TOTAL FUNDS 2019-21)

Funding is provided to the Student Achievement Council in the operating budget to offset higher costs per student resulting from tuition and fee increases and changes in student enrollment patterns. Funding is also provided in Engrossed Second Substitute House Bill 2158 (Workforce Education) to convert the State Need Grant to the Washington College Grant. The new program will be an entitlement for students from families up to 100 percent of the state median family income (about \$90,000 for a family of 4). Students with higher family incomes would receive a reduced award. The current eligibility threshold for the State Need Grant is 70 percent of the state median family income.

COMPENSATION AND CENTRAL SERVICES SUPPORT - \$62.2 MILLION 2019-21 (WORKFORCE EDUCATION INVESTMENT ACCOUNT - STATE)

Funding is provided in E2SHB 2158 (Workforce Education) to the institutions of higher education in recognition that institutional operating costs, including compensation and central services, exceed estimated increases in undergraduate operating fee revenue.

CTC FACULTY SALARIES - \$60.8 MILLION (WORKFORCE EDUCATION INVESTMENT ACCOUNT - STATE)

Funding is provided in E2SHB 2158 (Workforce Education) for the Community and Technical College system to increase salaries for nurse educators and other high-demand faculty.

GUIDED PATHWAYS AT THE CTCS - \$40 MILLION 2019-21 (WORKFORCE EDUCATION INVESTMENT ACCOUNT - STATE)

Funding is provided in E2SHB 2158 (Workforce Education) for the Community and Technical College system to expand the Guided Pathways initiative.

WSU MEDICAL SCHOOL - \$21 MILLION 2019-21 (WORKFORCE EDUCATION INVESTMENT ACCOUNT - STATE)

Funding is provided in E2SHB 2158 (Workforce Education) for the Elson S. Floyd College of Medicine. Amounts provided will completely fund the state cost of 60 student cohorts and allow the college to expand to 80 student cohorts beginning in the 2019-21 school year.

HIGH DEMAND PROGRAM CAPACITY - \$17 MILLION 2019-21 (WORKFORCE EDUCATION INVESTMENT ACCOUNT - STATE)

Funding is provided in E2SHB 2158 (Workforce Education) for the University of Washington, Eastern Washington University, Central Washington University, Western Washington University, and The Evergreen State College to increase enrollment and degree production in certain high-demand programs.

UW HOSPITAL AND DENTISTRY SUPPORT - \$11 MILLION 2019-21

One-time funding is provided to Harborview Medical Center, UW Medical Center and the UW School of Dentistry to support services for underinsured individuals and those covered by Medicaid.

OPPORTUNITY SCHOLARSHIP MATCH AND ADJUSTMENT - \$9.3 MILLION 2019-21 (\$1.7 MILLION 2021-23)

Funding is provided to match private contributions to the Washington Opportunity Scholarship expected in fiscal year 2019 and to restore full College Bound Scholarship awards for Opportunity Scholarship recipients. The Opportunity Scholarship program provides scholarships to students who have received their high school diploma or General Education Diploma (GED) in Washington State and are pursuing a degree in science, math, technology, engineering or health care.

Low-Income Medical Assistance

Increases

MAINTENANCE LEVEL ADJUSTMENTS - \$483.7 MILLION 2019-21 (\$987.5 MILLION 2021-23)

Funding is provided for maintenance level, forecasted adjustments, including increases to managed care rates for all eligibility groups.

HEALTHIER WASHINGTON - \$27.7 MILLION 2019-21

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

DENTAL SAVINGS RESTORATION - \$11.3 MILLION 2019-21 (\$10.3 MILLION 2021-23)

Funding is provided to restore unachieved emergency dental savings that were anticipated from moving from a change in service delivery.

BI-DIRECTIONAL RATE INCREASE - \$5.7 MILLION 2019-21 (\$6.1 MILLION 2021-23)

Funding is provided to increase rates for behavioral health and psychotherapy codes identified through a stakeholder workgroup process established under Chapter 226, Laws of 2017 (SSB 5779).

ALL PAYER CLAIMS DATABASE - \$4.8 MILLION 2019-21 (\$4.6 MILLION 2021-23)

Funding is provided to transition the All Payer Claims Database from the Office of Financial Management to the Health Care Authority.

MEDICALLY INTENSIVE CHILDREN'S PROGRAM RATE INCREASES - \$2.9 MILLION 2019-21 (\$3.9 MILLION 2021-23)

Funding is provided for a 10 percent rate increase for reimbursement rates for skilled nursing performed by licensed practical nurses and registered nurses in both a home setting and group home setting who provide services for medically intensive children beginning January 1, 2020.

REPRODUCTIVE HEALTH CARE - \$1.6 MILLION 2019-21 (\$5.1 MILLION 2021-23)

Funding is provided to implement a program similar to Take Charge for individuals who would be eligible for reproductive health care coverage except for their immigration status.

Savings or Decreases

HOSPITAL SAFETY NET ASSESSMENT - \$292 MILLION SAVINGS 2021-23

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 2021. The sunset is extended to 2023. 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 maintained and the family physician residency program and integrated, evidence-based psychiatry residency at the University of Washington Medical Center are continued.

PROGRAM INTEGRITY - \$101.8 MILLION SAVINGS 2019-21 (\$139.5 MILLION SAVINGS 2021-23)

Washington State's Medicaid program has shifted from a primarily fee-for-service to a managed care delivery system. Since this change occurred, organizationally, the oversight function for fraud, waste, and abuse has not similarly shifted to keep up with the change in delivery systems. Staffing is provided to assist Health Care Authority align with recommendations from the Center for Medicare and Medicaid Services to provide appropriate managed care oversight.

Long-Term Care, Developmental Disabilities

Increases

MAINTENANCE LEVEL CASELOAD ADJUSTMENTS - \$247 MILLION 2019-21 (\$411 MILLION 2021-23)

Funding is provided for maintenance level adjustments based on the February 2019 caseload

forecast for long-term care and developmental disabilities, including caseload and workload adjustments (\$135.6 million), utilization (\$60.6 million), and the FY 2021 nursing home rebase (\$50.8 million).

VENDOR RATE INCREASES - \$217.8 MILLION 2019-21 (\$310.7 MILLION 2021-23)

Funding is provided to implement collective bargaining agreements for individual providers (IPs) of in-home personal care and adult family home owners; for parity between home care agencies and IPs; and to increase rates for assisted living facilities, nursing services, skilled nursing facilities, home care agency administration, adult day services, community respite providers, and community residential service providers including supported living.

MEDICAID TRANSFORMATION WAIVER - \$31 MILLION 2019-21

Funding is provided to continue expanding the five-year Medicaid Transformation Waiver approved by the federal Centers for Medicare and Medicaid Services and originally appropriated in the 2017-19 biennial budget.

RHC MEDICAID COMPLIANCE - \$12.1 MILLION 2019-21 (\$11.7 MILLION 2021-23)

Funding is provided for additional staff at the Residential Habilitation Centers (RHCs) and State Operated Living Alternatives (SOLAs) related to compliance with Centers for Medicare and Medicaid Services (CMS) requirements for active treatment, client safety, governing body and management, and client rights for Intermediate Care Facilities (ICFs).

SOLA COMMUNITY OPTIONS - \$10.6 MILLION 2019-21 (\$15.6 MILLION 2021-23)

Funding is provided to support the transition of RHC residents and other Developmental Disabilities Administration clients with high-level care needs to appropriate settings, including SOLA homes in the community.

ELECTRONIC VISIT VERIFICATION - \$5.6 MILLION 2019-21 (\$6 MILLION 2021-23)

Funding is provided to assist home care agencies to implement the Electronic Visit Verification system in compliance with the federal 21st Century Cures Act.

COMMUNITY RESPITE - \$3.7 MILLION 2019-21 (\$3.8 MILLION 2021-23)

Funding is provided to expand beds, at increased rates, for Overnight Planned Respite Services (OPRS) for adults and Enhanced Respite Services (ERS) for children by five beds each.

Savings/Cost Avoidance

NURSING HOME DISCHARGE - \$15.8 MILLION SAVINGS 2019-21 (\$35.9 MILLION SAVINGS 2021-23)

Ongoing savings are assumed by adding staff to facilitate the transitions of nursing home residents to community or in-home placements when appropriate for the residents' needs.

INDIRECT STAFF FUNDING - \$14.3 MILLION SAVINGS 2019-21 (\$24.3 MILLION SAVINGS 2021-23)

Ongoing savings are assumed from removing funding for additional non-direct care staff that are provided in maintenance-level of the budget to support projected workload growth.

UPDATED "FACILITY" DEFINITION IN ADULT PROTECTIVE SERVICES - \$10.7 MILLION COST AVOIDANCE 2019-21 (\$11 MILLION COST AVOIDANCE 2021-23)

Cost avoidance is captured as a result of removing Department of Health licensed or certified facilities from the definition of "facility," pursuant to Engrossed Second Substitute Senate Bill

5432 (Behavioral Health/Integrate). This step is a reversal of a maintenance level step that adds funding for the expanded definition of "facility," pursuant to Chapter 201, Laws of 2018.

SUPPORTED LIVING INVESTIGATORS - \$2.3 MILLION SAVINGS 2019-21 (\$2.5 MILLION SAVINGS 2021-23)

General Fund-State savings are achieved by refinancing the cost of supported living investigation staff with an annual provider fee, pursuant to Senate Bill 5359 (Supported living/investigate). Providers will be reimbursed for the fee with federal Medicaid matching funds.

Economic Services

Increases

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) - \$4.0 MILLION 2019-21 (\$2.6 MILLION 2021-23)

Funding is provided for increased TANF caseloads as a result of Second Substitute House Bill 1603, which no longer allows the department to permanently disqualify households that were terminated due to noncompliance sanctions three or more times and allows the department to exempt individuals experiencing homelessness from the 60 month time limit.

NATURALIZATION PROGRAM - \$1.8 MILLION 2019-21 (\$1.9 MILLION 2021-23)

Funding is provided for the Naturalization Services Program to assist an additional 1,600 individuals per year to become United States citizens.

ASSET VERIFICATION SYSTEM - \$1.8 MILLION 2019-21

One-time state and federal funding is provided in fiscal year 2020 to begin implementing a federally-compliant Asset Verification System (AVS) for asset-based Medicaid eligibility decisions.

WIN 211 - \$1.0 MILLION 2019-21

One-time funding is provided to the Washington Information Network (WIN) 211 to enhance the statewide information and referral system for health and human services.

PREGNANT WOMEN ASSISTANCE - \$300 THOUSAND 2019-21 (\$627 THOUSAND 2021-23)

Funding is provided to increase the Pregnant Women Assistance monthly grant amount from a maximum of \$197 to a maximum of \$363 per month.

Savings

WORKFIRST ACTIVITIES - \$4.0 MILLION SAVINGS 2019-21

A one-time savings to the general fund is achieved by utilizing available fund balance in the Administrative Contingency Account for WorkFirst activities.

Department of Children, Youth, and Families

Children and Families Services

Increases

BEHAVIORAL REHABILITATION SERVICES - \$35.2 MILLION 2019-21 (\$35.4 MILLION 2021-23)

Funding is provided to increase behavioral rehabilitation services (BRS) rates and to modify the

rate structure from one based on acuity level to placement setting. The department shall implement this new rate structure in accordance with the methodology outlined in the December 2018 rate study.

CHILD WELFARE LEGAL SERVICES - \$14.1 MILLION (GENERAL FUND-FEDERAL)

Federal funding is provided in response to recent federal guidance that allows the use of Title IV-E funding for legal representation services of eligible parents and children involved in the child welfare system. A corresponding reduction to the general fund is assumed in the Office of Public Defense (OPD) and the Office of Civil Legal Aid (OCLA). The department must implement an interagency agreement with OPD and OCLA for the use of these federal funds.

FAMILIES FIRST PREVENTION SERVICES - \$7.6 MILLION 2019-21 (GENERAL FUND-FEDERAL)

Federal funding made available via passage of the federal Families First Prevention Services Act is provided to expand evidence-based programs aimed toward foster care placement prevention.

EMERGENT PLACEMENT CONTRACTS - \$1.8 MILLION 2019-21

One-time funding is provided for emergent placement contract beds, which provide short-term placements for children when family foster homes or kin placements are not secured.

CHILD WELFARE SOCIAL WORKERS - \$1.7 MILLION 2019-21 (\$1.7 MILLION 2021-23)

Funding is provided for 10 case-carrying social workers effective July 1, 2019.

FAMILY RECONCILIATION SERVICES - \$1.7 MILLION 2019-21

One-time funding is provided to expand family reconciliation services for at-risk youth, children in need of services, or other youth who are in conflict with their families.

CHILD WELFARE HOUSING ASSISTANCE - \$1.5 MILLION 2019-21 (\$766 THOUSAND 2021-23)

Pursuant to Second Substitute Senate Bill 5718 (child welfare housing assistance), funding is provided to implement a Child Welfare Housing Assistance Pilot Program to provide housing vouchers, rental assistance, navigation, and other support services to eligible families. The pilot program expires on June 30, 2022.

PREVENTION PILOT - \$1.3 MILLION 2019-21

One-time funding is provided for a pilot project to prevent child abuse and neglect in Pierce County.

Early Learning

Increases

CHILD CARE RATE INCREASES - \$83.4 MILLION 2019-21 (\$73.9 MILLION 2021-23)

Funding is provided for the following:

- \$52.8 million (\$62.3 million 2021-23) for costs associated with the collective bargaining agreement, including but not limited to:
 - base rates increase for licensed family home providers in fiscal year 2020 to a level that achieves access for subsidy consumers to 55 percent of the licensed family home child care market at Level 3, plus a 6 percent base rate increase in fiscal year 2021;

- tiered reimbursement increases for Level 3 and Level 4 of 2 percentage points;
- hourly wage rate increases for Family, Friend, and Neighbor providers (\$0.05 per hour in fiscal year 2020 and 4 percent in fiscal year 2021);
- removing the cap on the non-standard hours bonus;
- a \$500 per provider increase to the quality improvement awards for Levels 3 through 5, and
- additional health care premium coverage.
- \$25.0 million (\$25.0 million 2021-23) to increase subsidy rates for licensed child care centers in order to achieve, at Level 3, access for subsidy consumers to 55 percent of the child care market.

EARLY CHILDHOOD EDUCATION AND ASSISTANCE PROGRAM - \$34.8 MILLION 2019-21 (\$63.9 MILLION 2021-23)

Funding is provided for additional investments in the Early Childhood Education and Assistance Program (ECEAP), including:

- \$19.6 million (\$17.9 million 2021-23) to add 509 slots in fiscal year 2020 and an additional 662 slots in fiscal year 2021, for a total of 1,171 slots. Eighty-eight percent of these slots are full day and the remainder are extended day.
- \$15.2 million (\$15.2 million 2021-23) for an across-the-board 6 percent slot rate increase effective July 1, 2019.
- \$29.2 million in fiscal year 2023 for 2,877 partial day slots to meet the entitlement in the 2022-23 school year.

HOME VISITING - \$7.6 MILLION 2019-21 (\$7.6 MILLION 2021-23)

State funding is provided, along with federal match made available via the federal Families First Prevention Services Act, to expand the home visiting program to serve an additional 420 families in fiscal year 2020 and 840 families in fiscal year 2021. This program provides visits in the home to educate expectant and new parents about prenatal care, infant care, child development, and parenting skills.

ECLIPSE PROGRAM - \$4.3 MILLION 2019-21 (\$4.3 MILLION 2021-23)

Ongoing funding is provided in the 2019-21 biennium to continue delivering the Early Childhood Intervention Prevent Services (ECLIPSE) program, which provides early intervention and treatment services for children exposed to environmental, familial, and biological risk factors that impact development, behavior, and mental health.

EARLY ACHIEVERS - \$7.8 MILLION 2019-21 (\$6.9 MILLION 2021-23)

Funding is provided to implement Engrossed Second Substitute House Bill 1391, which includes various recommendations of the Joint Select Committee on the Early Achievers program including revising rating levels, deadlines and requirements, providing trauma informed care training, convening a cost of child care regulations work group and submitting various reports. In addition, \$6.0 million in available federal funding is utilized to increase investments in the Early Achievers program, including funding for additional coaching staff.

CHILDREN'S MENTAL HEALTH - \$1.5 MILLION 2019-21 (\$6 MILLION 2021-23)

Funding is provided pursuant to Second Substitute Senate Bill 5903 (children's mental health) for the department to contract to provide a qualified mental health consultant in each of six regions designated by the department to support the work of coaches and child care providers, including support for managing challenging behavior, expulsions, and severe behavioral needs. The department must report on services provided and outcomes of the consultant activities to the Governor and the Legislature by June 30, 2021.

WORKING CONNECTIONS CHILD CARE (WCCC) - \$2.4 MILLION 2019-21 (\$5.8 MILLION 2021-23)

Beginning August 1, 2020, funding is provided to implement Second Substitute House Bill 1303 (child care/higher education) which allows full-time students in a community, technical, or tribal college pursuing a certificate in specific programs to be exempted from the work requirement in the WCCC program. In addition, funding is provided for increased WCCC caseloads as a result of Second Substitute House Bill 1603, which no longer allows the department to permanently disqualify Temporary Assistance for Needy Families (TANF) households that were terminated due to noncompliance sanctions three or more times and allows the department to exempt individuals experiencing homelessness from the 60 month time limit.

Savings

FEDERAL FUND BALANCE - \$42.9 MILLION SAVINGS 2019-21

A one-time reduction in state funding is offset by using available federal Child Care Development Funds.

Juvenile Rehabilitation

Increases

INCREASED STAFFING - \$9.5 MILLION 2019-21 (\$9.5 MILLION 2021-23)

Funding is provided for additional staffing at juvenile rehabilitation facilities, including:

- \$8.3 million (\$8.3 million 2021-23) to add staff to in response to the federal Prison Rape Elimination Act (PREA).
- \$1.2 million (\$1.2 million 2021-23) to hire 5.6 counselor assistants and two security officers to operate the new acute mental health pod, which was remodeled with funding provided in the 2015-17 capital budget, and to provide mental health treatment programs to the youth housed within.

JUVENILE REHABILITATION CONFINEMENT - \$3.7 MILLION 2019-21 (\$6.4 MILLION 2021-23)

Funding is provided for the increased bed utilization and programming associated with Engrossed Second Substitute House Bill 1646, which extends juvenile court jurisdiction (and the maximum age of confinement for individuals convicted in adult court of a crime that was committed while under age 18) from age 21 to 25.

Corrections & Other Criminal Justice

Increases

CAPACITY AND PROGRAMMING - \$20.6 MILLION 2019-21 (\$23.6 MILLION 2021-23)

Funding is provided to increase capacity by increasing the number of work release beds at the existing Ahtanum View facility and creating new capacity for women at the Maple Lane facility. Funding is also provided to staff a new space for education, treatment and programming to support the medium security complex at the Washington State Penitentiary.

CUSTODY STAFF - \$ 10.1 MILLION 2019-21 (\$9.7 MILLION 2021-23)

Funding is provided to increase custody staff in order to provide off-site medical transportation, community hospital watches, increased suicide watches, and changes to the mental health unit at the Washington State Penitentiary.

WORK RELEASE EXPANSION - \$8.4 MILLION 2019-21 (\$14.7 MILLION 2021-23)

Funding is provided to open 200 work release beds across the state to provide more opportunities for transitions back to the community prior to release and to relieve pressure on prison capacity issues.

VIOLATOR BED RATE - \$3.9 MILLION 2019-21 (\$5.2 MILLION 2021-23)

Funding is provided to increase rates for jail beds used to house individuals who violate the terms of their community supervision under swift and certain policies.

HEALTH CARE - \$5.8 MILLION 2019-21 (\$4.5 MILLION 2021-23)

Funding is provided to cover the department's increases in full coverage of nursing shifts, non-discretionary health care, and specialty care services within the prison system.

SEXUAL ASSAULT EXAMINATION KITS - \$10.3 MILLION 2019-21 (\$5.7 MILLION 2021-23)

Funding is provided for additional crime laboratory staff, equipment, supplies, and outsourcing to address a backlog of sexual assault kits waiting for testing pursuant to the requirements of Second Substitute House Bill 1166 (Sexual Assault). Funding is also provided in the 2019-21 Capital Budget at \$277,000, leveraging a federal grant, for renovation costs of the Vancouver Crime Lab for a high-throughput DNA testing lab.

TOXICOLOGY LAB - \$1.3 MILLION 2019-21 (\$1.3 MILLION 2021-23)

Funding is provided for additional staff to address a backlog of drug and alcohol tests for coroners, medical examiners, law enforcement agencies, prosecuting attorneys, and the State Liquor Cannabis Board in all 39 counties.

MISSING/EXPLOITED CHILD TASK FORCE - \$1.5 MILLION 2019-2021

Funding is provided to increase resources for the Missing/Exploited Children's Task Force that targets child predators through the internet and makes arrests using undercover operations.

BASIC LAW ENFORCEMENT ACADEMY - \$4.5 MILLION 2019-21

Funding is provided for nine additional Basic Law Enforcement Academy (BLEA) classes each fiscal year in the biennium increasing the number of classes from 10 to 19. All local law enforcement recruits must attend BLEA classes for training.

INITIATIVE 1639 IMPLEMENTATION - \$5.9 MILLION 2019-21 (\$800 THOUSAND 2021-23)

Funding is provided for the Washington State Patrol and the Department of Licensing to meet the requirements of the voter approved Initiative Measure No. 1639, related to firearm safety. Funding is also provided for the Department of Licensing to replace the current firearms database system.

Other Human Services

Increases

HOMELESSNESS & HOUSING - \$41.3 MILLION 2019-21 TOTAL (\$33.9 MILLION 2021-23 TOTAL)

Funding is provided for a variety of housing assistance and services to individuals, youth, and families experiencing homelessness in addition to other vulnerable populations experiencing housing insecurity. Items include, but are not limited to:

- \$14.5 million to expand the Housing and Essential Needs (HEN) Program that provides grants to local governments and community organizations to pay limited rental and utility assistance and essential needs;

- \$4.5 million for permanent supportive housing for families who are chronically homeless and where at least one member of the household has a disability;
- \$8.5 million for youth homelessness, which includes \$4.0 million for the Anchor Community Initiative;
- \$7.0 million for maintenance and operations of permanent supportive housing units that receive Housing Trust Fund investments or other public capital funding;
- \$500 thousand to expand access to rental assistance vouchers for newly released inmates; and
- \$1.5 million to expand the transitional housing program at the Washington Soldiers Home in Orting.

The 2019-21 Capital Budget also includes \$175 million in bonds for additional investments in the Housing Trust Fund, which supports the development of affordable housing. Of the total appropriation, \$35 million will be used for supportive housing and case management services for persons with chronic mental illness.

AIDS/COMMUNITY SERVICES - \$18 MILLION 2019-21 (\$12 MILLION 2021-23)

Funding is provided for increased program costs for community services for individuals living with Human Immunodeficiency Virus (HIV), including core medical services, case management, and support services.

NEWBORN SCREENING - \$2 MILLION 2019-21 (\$2 MILLION 2021-23)

Funding is provided for the mandatory newborn screening panel, including:

- \$1.6 million for staff, equipment, testing supplies, and materials necessary to add Pompe disease and MPS-I to the mandatory newborn screening panel. The department is authorized to increase the newborn screening fee by \$10.50 for this addition.
- \$332 thousand in additional funding for testing supplies necessary to perform x-linked adrenoleukodystrophy newborn screening panel testing. The department is authorized to increase the newborn screening fee by \$1.90 for this addition.

VETERAN HOME REVENUE SHORTFALL - \$4.5 MILLION 2019-21

One-time funding is provided for a General Fund-State backfill of a revenue shortfall at the Washington Soldiers Home in Orting (\$2.7 million) and the Walla Walla Veterans Home (\$1.8 million).

WORKERS' COMPENSATION SYSTEM REPLACEMENT - \$82 MILLION 2019-21 (\$92.9 MILLION 2021-23) (ACCIDENT ACCOUNT; MEDICAL AID ACCOUNT)

Funding and staff are provided to begin the Workers' Compensation System replacement project, including foundational work and the implementation of systems that support employer accounts.

CRIME VICTIM COMPENSATION - \$6.8 MILLION 2019-21 (\$4.2 MILLION 2021-23)

Funding is provided to increase rates for crime victim compensation payments to providers of medical and health care services. Funding is provided to reimburse medical and health care providers equal to 100 percent of workers' compensation provider payment rates, beginning in fiscal year 2020.

Natural Resources

Increases

WILDFIRES AND FOREST HEALTH - \$45.5 MILLION 2019-21 (\$26.9 MILLION 2021-23)

Funding is provided to the Department of Natural Resources and other agencies for suppressing wildfires and preventing future fires through the forest health program.

MAINTAIN FISH AND WILDLIFE OPERATIONS - \$25.6 MILLION 2019-21

One-time funding is provided for the Department of Fish and Wildlife to maintain services for fishing, hatcheries, hunting, and conservation.

CLEANUP TOXICS AND PLASTICS - \$23.4 MILLION 2019-21 (\$863 THOUSAND 2021-23)

Funding is provided for the Department of Ecology and other agencies to increase prevention and cleanup of toxic chemicals. Increased funding is also provided for improved recycling and diminished plastic bags and packaging.

ORCA WHALE PROTECTION - \$18.7 MILLION 2019-21 (\$13.2 MILLION 2021-23)

Funding is provided for actions to address the limiting factors of orca whale recovery including increasing the production of salmon at hatcheries, increasing enforcement of vessel regulations, and the protecting habitat in Puget Sound.

STATE PARKS SERVICES AND MAINTENANCE - \$15.8 MILLION 2019-21 (\$11.2 MILLION 2021-23)

Funding is provided for State Parks to address costs for operations and maintenance of existing park facilities. The use of litter tax revenue for these purposes is reduced, General Fund and dedicated accounts are used ongoing.

General Government

Increases

STATE EMPLOYEE SALARIES AND BENEFITS - NGF-O \$451.1 MILLION 2019-21 (\$575.0 MILLION 2021-23)

Funding is provided for salary increases and health care benefits for all state employees, including funding for collective bargaining agreements. This includes an increase in the Medicare eligible retiree subsidy rate from \$168 to \$183.

2020 CENSUS - \$20.1 MILLION 2019-21 (\$5 MILLION PRIVATE LOCAL)

Funding is provided to support expanded activities to promote a complete and accurate census count in 2020.

PRESIDENTIAL PRIMARY REIMBURSEMENT TO COUNTIES - \$13.6 MILLION 2019-21

Funding is provided to conduct a presidential primary election and to reimburse counties for the state's share of presidential primary costs and to produce a presidential primary voter's pamphlet.

PREPAID POSTAGE - \$4.8 MILLION 2019-21 (\$4.3 MILLION 2021-23)

Funding is provided to implement the provisions of Substitute Senate Bill 5063 (ballots, prepaid postage). Funding provided is for prepaid postage on return envelopes for elections,

with county costs being reimbursed by the state.

SELF INSURANCE PREMIUMS - \$46.6 MILLION 2019-21 (\$46.6 MILLION 2021-23) (TOTAL FUNDS)

Funding is provided to adjust agency budgets to reflect updated self-insurance premium costs.

SALARIES FOR ELECTED OFFICIALS - \$10 MILLION 2019-21 (\$12 MILLION 2021-23)

Funding is provided for salary increases for elected officials that were adopted by the Citizens' Commission on Salaries for Elected Officials.

Judicial

Increases

TRIAL COURT FUNDING LANGUAGE ACCESS - \$2.2 MILLION 2019-2021 (\$2.2 MILLION 2021-23)

Funding is provided to expand the state interpreter reimbursement program and provide additional testing and training for qualified interpreters.

PUBLIC DEFENSE ATTORNEY SALARIES - \$9.1 MILLION 2019-2021 (\$9.1 MILLION 2021-23)

Funding is provided through the Office of Public Defense for salary increases for 183 state-contracted public defense attorneys representing indigent persons on appeal and indigent parents involved in dependency and termination cases.

PARENTS' REPRESENTATION PROGRAM - \$2.8 MILLION 2019-2021 (\$2.8 MILLION 2021-23)

Funding is provided for additional attorneys, social workers, and staff support for the Parents' Representation Program that provides representation to indigent parents, custodians and legal guardians involved in child dependency and termination of parental rights proceedings.

CIVIL LEGAL AID ATTORNEY SALARIES - \$3 MILLION 2019-2021 (\$5.6 MILLION 2021-23)

Funding is provided for a vendor rate increase resulting from a collective bargaining agreement between the Northwest Justice Project and its staff union. Funding will maintain existing levels of client service capacity including the 20 FTEs funded by the Legislature in the 2017-19 biennium that began implementation of the Civil Justice Reinvestment Plan. Ongoing funding of \$600,000 is also provided for subcontracted volunteer (pro bono) civil legal aid programs throughout Washington. Funding will help to recruit and retain staff for consistent volunteer attorney involvement in the delivery of civil legal aid services.

CIVIL JUSTICE REINVESTMENT PLAN - \$3 MILLION 2019-2021 (\$6.1 MILLION 2021-23)

Funding is provided for 20 FTE legal aid attorneys in furtherance of the Civil Justice Reinvestment Plan to increase access to civil legal aid to low-income populations. The attorneys will be phased-in with ten beginning January 2020 and ten beginning January 2021.

Other Changes

Increases

HISTORICAL SOCIETIES' GENERAL OPERATIONS - \$2 MILLION 2019-2021 (\$2 MILLION 2021-23)

Funding is provided for general support, operations, and maintenance at the Washington State

Historical Society in Tacoma and the Eastern Washington State Historical Society in Spokane.

ANDY HILL CANCER RESEARCH ENDOWMENT - \$6.0 MILLION 2019-2021

State matching funds are provided for the Andy Hill cancer research endowment authority. \$6.0 million of Foundational Public Health Services Account funds are deposited into the Andy Hill cancer research endowment fund match transfer account. Additional funding comes from penalties from cigarette and other tobacco product enforcement activities. The Authority was created in 2015 to distribute state funding for the promotion of cancer research. Senate Hill served in the Senate until his death in October 2016, from lung cancer.

FOUNDATIONAL PUBLIC HEALTH - \$22.0 MILLION 2019-2021

\$10 million from the General Fund and \$12.0 million of Foundational Public Health Services Account funds are provided to address public health needs such as communicable disease and environmental health. The Foundational Public Health Services Account is created in Second Substitute House Bill 1873 that imposes a 37 percent tax on vapor products at the consumer point of sale.

INFORMATION TECHNOLOGY COST POOL - \$82.8 MILLION 2019-21 (TOTAL FUNDS)

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

LEASE COST POOL - \$14 MILLION 2019-21 (TOTAL FUNDS)

Funding is provided for one-time lease moves/relocations in the 2019-21 biennium.

Savings or Decreases

LOCAL PUBLIC SAFETY TRANSFER - \$50 MILLION SAVINGS 2019-21 (\$50 MILLION SAVINGS 2021-23)

Pursuant to House Bill 2411, costs are reduced as a result of the local public safety transfer under RCW 41.26.802 from the General Fund being eliminated.

EFFICIENCIES IN STATE SPENDING - \$22.3 MILLION SAVINGS 2019-21 (\$44.8 MILLION SAVINGS 2021-23)

Funding is adjusted for agency and institution appropriations to reflect savings from actions taken to lower overtime costs, professional service contracts, travel, goods and services, and capital outlays by one percent in fiscal year 2020 and one percent in fiscal year 2021. If agency or client service delivery needs require a deviation from the cost centers identified in this section, agencies and institutions may modify spending in an alternate manner to achieve the required savings. Agencies with 100 or fewer full-time equivalent employees are not subject to the adjustment.

Appendix A

Revenue Related Bills

Fund Transfers, Revenue Legislation, and Budget Driven Revenues

Proposed Final

General Fund-State, Education Legacy Trust, and Opportunity Pathways Accounts

(Dollars in Millions)

	2017-19	2019-21	2021-23	6 Yr
Fund Transfers In Budget Bill				
Statewide Tourism Marketing (GF-S)	0.0	-3.0	0.0	-3.0
Tobacco Settlement Account (GF-S)	0.0	0.0	0.0	0.0
Energy Freedom Account (GF-S)	0.0	1.0	0.0	1.0
Financial Services Regulation Account (GF-S)	0.0	7.0	0.0	7.0
Long-Term Services and Supports Trust Account (GF-S)	0.0	0.0	16.8	16.8
State Treasurer's Service Account (GF-S)	0.0	16.0	12.0	28.0
Local Toxics Control Account (GF-S)	35.0	0.0	0.0	35.0
State Toxics Control Account (GF-S)	38.0	0.0	0.0	38.0
School Employees' Insurance Admin Acct (GF-S)	0.0	0.0	40.1	40.1
Disaster Response Account (GF-S)	0.0	28.0	14.0	42.0
Public Works Assistance Account (ELTA-S)	0.0	160.0	132.0	292.0
SubTotal	73.0	209.0	214.9	496.9
Budget Driven Revenue				
Liquor Control Board (Marijuana)	-3.0	-6.3	-7.4	-16.7
Liquor Control Board (Liquor)	0.0	-9.6	1.4	-8.2
Payment in Lieu of Taxes	0.0	-4.0	0.0	-4.0
Lottery	0.0	-1.5	-1.9	-3.4
Marijuana Distribution Changes	0.0	0.0	0.0	0.0
Vessel Renewal	0.8	1.6	1.6	4.1
SubTotal	-2.2	-19.8	-6.2	-28.2
Other Legislation				
HB 1406 Affordable Housing Sales Tax	0.0	-51.0	-53.0	-104.0
HB 1074 Tobacco & Vapor Products/Age	0.0	-8.9	-12.1	-21.0
HB 1257 Energy Efficiency	0.0	0.0	-3.2	-3.2
SB 5596 Health Science & Service Authority	0.0	0.0	-1.1	-1.1
HB 2024 Medicaid Incentive Payments	0.0	-0.3	-0.2	-0.5
HB 1997 Manufactured Mobile Homes	0.0	-0.1	-0.1	-0.1
HB 1301 Arenas/Leasehold Excise Tax	0.0	0.0	0.0	-0.1
SB 5116 Renewable Energy M&E Extension	0.0	0.0	0.0	-0.1
HB 2140 K-12 Education Funding	0.0	0.0	0.0	0.0
SB 5337 Sales Tax Political Subdivisions	0.0	0.0	0.0	0.0
SB 5894 Firefighters' Pension Levy	0.0	0.0	0.0	0.0
HB 1001 Service Contract Providers	0.0	0.0	0.0	0.0
HB 1652 Paint Stewardship	0.0	0.3	1.4	1.7

HB 1839 Arena Projects	0.0	-40.7	43.8	3.1
*Tax Structure/Tax Preferences (see page 2)	0.0	24.2	20.7	44.9
SB 6016 International Investment Management	0.0	59.4	66.1	125.5
HB 2167 Specified Financial Institutions	0.0	133.2	205.6	338.8
SB 5998 Graduated REET	0.0	243.5	354.8	598.3
SubTotal	0.0	359.7	622.6	982.3
Grand Total	70.8	548.9	831.3	1,451.0
* Tax Structure/Tax Preferences Detail				
Senior disabled vets/property tax exemption	0.0	-20.2	-27.3	-47.5
Hospital B&O exemption	0.0	-14.6	-16.5	-31.1
Non-resident sales tax	0.0	53.9	58.8	112.7
Travel agency/Non-resident	0.0	5.1	5.7	10.8
Sub-Total	0.0	24.2	20.7	44.9

ENCOURAGING INVESTMENTS IN AFFORDABLE AND SUPPORTIVE HOUSING - \$51 MILLION DOLLAR DECREASE 2019-21 (\$53 MILLION DECREASE 2021-23)

Substitute House Bill 1406 authorizes the governing body of a county or city to impose a local sales tax, credited against the state sales tax, for affordable or supportive housing.

HOSPITAL BUSINESS AND OCCUPATION TAX EXEMPTION - \$14.6 MILLION DECREASE 2019-21 (\$16.5 MILLION DECREASE 2021-23)

Second Substitute House Bill 2157 provides a business and occupation tax exemption for qualifying hospitals.

TOBACCO PRODUCTS AGE LIMIT - \$8.9 MILLION DECREASE 2019-21 (\$12.1 MILLION DECREASE 2021-23)

Chapter 15, Laws of 2019 (Engrossed House Bill 1074) prohibits the sale of cigarettes, tobacco products, and vapor products to persons under the age of twenty-one.

CONCERNING ENERGY EFFICIENCY – NO STATE REVENUE IMPACT 2019-21 (\$3.2 MILLION DECREASE 2021-23)

Engrossed Third Substitute House Bill 1257 requires the State Building Code Council to develop rules for electric vehicle infrastructure that require electric vehicle charging capability at all new buildings that provide on-site parking and sets a number of other energy performance standards.

SENIOR CITIZENS, INDIVIDUALS WITH DISABILITIES, AND VETERANS PROPERTY TAX EXEMPTION - \$20.2 MILLION DECREASE 2019-21 (\$27.3 MILLION DECREASE 2021-23)

Second Substitute House Bill 2157 modifies the qualifying income thresholds for the property tax exemption and deferral programs for low-income senior citizens, individuals with disabilities, and veterans beginning with taxes levied for collection in 2022.

HEALTH SCIENCES AUTHORITIES - NO STATE REVENUE IMPACT 2019-21 (\$1.1 MILLION DECREASE 2021-23)

Senate Bill 5596 extends the expiration date by 15 years for a local sales and use tax imposed by a city or county that has created a Health Sciences and Services Authority.

CONCERNING DEDUCTIONS OF INCENTIVE PAYMENTS - \$271 THOUSAND DECREASE 2019-21 (\$248 THOUSAND DECREASE 2021-23)

Substitute House Bill 2024 provides a business and occupation tax exemption for incentive payments made to managed care organizations as part of the Accountable Communities of Health Medicaid demonstration project under the federal waiver.

MANUFACTURED AND MOBILE HOMES - \$63 THOUSAND DECREASE 2019-21 (\$71 THOUSAND DECREASE 2021-23)

Engrossed Substitute House Bill 1997 reinstates the real estate excise tax exemption for certain sellers transferring a manufactured/mobile home community and makes other changes.

EXEMPTING CERTAIN LEASEHOLD INTEREST IN ARENAS WITH A SEATING CAPACITY OF MORE THAN TWO THOUSAND FROM THE LEASEHOLD EXCISE TAX - \$28 THOUSAND DECREASE 2019-21 (\$44 THOUSAND DECREASE 2021-23)

House Bill 1301 provides a leasehold excise tax exemption for public and entertainment areas of certain arenas.

CLEAN ENERGY - \$29 THOUSAND DECREASE 2019-2021 (\$24 THOUSAND DECREASE 2021-23)

Engrossed Second Substitute Senate Bill 5116 requires electric utilities to eliminate from their allocation of electricity coal-fired resources, make all retail sales of electricity greenhouse gas neutral, and meet 100 percent of its retail electric load using non-emitting and renewable; and also requires electrical and gas companies to use the social cost of carbon for planning, evaluating, and acquiring all resources.

SALES AND USE TAX EXEMPTIONS (INDETERMINATE REVENUE IMPACT)

Senate Bill 5337 exempts from sales and use taxes the transfer of property from one political subdivision to another political subdivision as a part of either a merger or a contractual consolidation.

FIREFIGHTERS' PENSION LEVY - NO STATE REVENUE IMPACT

Substitute Senate Bill 5894 allows the firefighter's pension levy to continue to be levied specifically for funding medical benefits under the law enforcement officers' and firefighters' retirement system.

CONCERNING SERVICE CONTRACT PROVIDERS - \$6 THOUSAND INCREASE 2019-21 (\$13 THOUSAND INCREASE 2021-23)

Chapter 16, Laws of 2019 (House Bill 1001) modifies financial responsibility requirements for service contract providers and product protection guarantee providers by replacing the term solvency with a minimum net worth or stockholder's equity requirement of \$200,000 or more and the ability to pay debts when debts become due.

CONCERNING PAINT STEWARDSHIP - \$325 THOUSAND INCREASE 2019-21 (\$1.4 MILLION INCREASE 2021-23)

Substitute House Bill 1652 requires producers of architectural paint to participate in a stewardship program for managing the end-of-life disposition of leftover paint, prohibits retailers from selling the architectural paint of producers who do not participate in an approved stewardship program, and provides funding for paint stewardship programs by establishing a uniform, container size-based assessment to be added to the purchase price of architectural paint.

ARENA PROJECTS - \$40.7 MILLION DECREASE 2019-21 (43.8 MILLION INCREASE 2021-23)

Engrossed Substitute House Bill 1839 allows the deferral of state and local sales and use taxes for the construction or improvement of a multipurpose sports and entertainment facility and an ice hockey practice facility.

TRAVEL AGENTS AND TOUR OPERATORS - \$5.1 MILLION INCREASE IN 2019-21 (5.7 MILLION INCREASE IN 2021-23)

Substitute Senate Bill 6004 increases the preferential business and occupation tax rate for travel agents and tour operators from 0.275 to 0.9 percent.

NONRESIDENT SALES TAX EXEMPTION - \$53.9 MILLION INCREASE IN 2019-21 (\$58.8 MILLION INCREASE IN 2021-23)

Senate Bill 5997 converts the nonresident sales tax exemption to a remittance program.

CONCERNING THE TAXATION OF INTERNATIONAL INVESTMENT MANAGEMENT COMPANIES - \$59.4 MILLION INCREASE 2019-21 (\$66.1 MILLION INCREASE 2021-23)

Engross Senate Bill 6016 modifies the services qualifying for the international investment management services business and occupation preferential tax rate and expands the retail sales and use tax exemption for the purchase of standard financial information by qualifying investment management companies and their affiliates.

SPECIFIED FINANCIAL INSTITUTIONS - \$133.2 MILLION INCREASE 2019-21 (\$205.6 MILLION INCREASE 2021-23)

Substitute House Bill 2167 imposes an additional 1.2 percent business and occupation tax on specified financial institutions.

GRADUATED REAL ESTATE EXCISE TAX - \$243.5 MILLION INCREASE 2019-21 (\$354.8 MILLION INCREASE 2021-23)

Engrossed Substitute Senate Bill 5998 establishes a graduated real estate excise tax and provides additional funding to the Education Legacy Trust Account.

Appendix B

2019-21 Omnibus Operating Budget

Proposed Final

(Dollars In Thousands)

	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
<i>State Employee Compensation (Excl. Higher Ed.)</i>			
Rep: Salaries & Wages	279,219	450,351	612,807
Non-Rep: Salaries & Wages	76,036	159,912	173,878
Medicare-eligible Retiree Subsidy	9,779	11,468	23,051
Other Increases	2,217	12,605	4,515
Judicial: Other Comp Changes	2,082	2,082	4,250
ORCA Pass Transfer	0	12,741	0
FSA Administration	0	12,485	0
Non-Rep: Employee Benefits	-2,860	-5,737	-2,860
Rep: Employee Benefits	-9,266	-15,692	-9,266
<i>State Employee Compensation (Excl. Higher Ed.) Total</i>	357,207	640,215	806,375
<i>K-12 Education</i>			
K-12: SEBB	328,682	348,789	837,294
Special Education	155,197	155,197	294,159
Local Effort Assistance	61,596	61,596	182,965
Remove Forest Revenue Deduction	26,366	26,366	53,066
Other Increases	23,397	23,129	39,063
Paraeducator Training	12,001	12,001	25,414
Core Plus Expansion	3,354	3,354	6,508
Enhanced Institution Funding	2,727	2,727	6,146
Student Safety & Well-Being	2,536	2,802	5,072
Guidance Counselor Targeted Schools	1,813	1,813	3,951
Other Savings	-1,928	-1,928	-3,360
<i>K-12 Education Total</i>	615,741	635,846	1,450,278
<i>Higher Education Institutions (Incl Employee Comp)</i>			
Non-Rep: Salaries & Wages	107,546	285,531	244,670
Rep: Salaries & Wages	25,260	97,191	56,270
UW Hospital Support	10,000	10,000	10,000
UW Specific Salary Items	7,185	69,336	16,781
Other Increases	7,090	7,331	9,599
Medicare-eligible Retiree Subsidy	1,241	3,789	3,299
Capital Project Operating Costs	266	266	532
Rep: Employee Benefits	-1,437	-5,270	-1,437
Non-Rep: Employee Benefits	-5,453	-15,702	-5,453
Remove Compensation Double Counts	-34,034	-51,885	-78,656
<i>Higher Education Institutions (Incl Employee Comp) Total</i>	117,664	400,587	255,605
<i>Higher Education Financial Aid</i>			
State Need Grant	17,000	23,000	65,990
Opportunity Scholarship	9,346	9,346	11,059
Other Increases	2,650	2,650	5,209
<i>Higher Education Financial Aid Total</i>	28,996	34,996	82,258

Higher Education (From Dedicated Funding Source)

Fin Aid: Wa. College Grant	0	162,700	0
Foundational Support	0	51,708	0
CTC: Nurse Educator Salaries	0	40,800	0
CTC: Guided Pathways	0	40,124	0
CTC: Faculty Salaries	0	33,830	0
High Demand & STEM Enrollments	0	19,093	0
Medical School - Completion Funding	0	17,358	0
Career Connected Learning	0	11,488	0
Other Increases	0	6,000	0
WCCC Student Parents	0	4,241	0
Medical School - Expansion Funding	0	3,600	0
Four Year: Student Support Programs	0	2,316	0
Higher Education (From Dedicated Funding Source) Total	0	393,258	0

Health Care

Savings Restoration	45,926	115,026	56,691
Other Increases	11,424	19,522	18,396
Foundational Public Health	10,000	23,350	20,063
Program Cost Shift	9,894	0	10,035
Dental Health Aid Therapists	6,650	6,650	6,650
All Payers Claims Database	4,811	4,811	9,450
DOH: Other Increases	4,270	16,624	6,144
Rates: Medically Intensive Childrens Prog	2,881	5,766	6,902
Sole Community Hospital	2,800	9,800	2,800
AIDS/Community Services	0	18,000	0
HCA: Hospital Safety Net	0	0	-292,000
Managed Care Performance Withhold	-367	-1,247	-891
Tort Recovery FTEs	-1,376	-4,760	-2,812
Marijuana Related Revenue	-9,813	0	-47,543
Disproportionate Share Hospital	-74,755	118,972	-221,538
Program Integrity	-101,796	-351,572	-247,435
Health Care Total	-89,451	-19,058	-675,089

Behavioral Health

Trueblood Settlement	73,906	81,819	176,192
State Hospital Operations	70,078	70,078	73,170
Community Long-Term Inpatient Beds	47,276	88,956	134,799
Residential Bed Expansion	35,577	66,742	129,526
State Hospital Safety Initiatives	21,866	21,866	44,077
Other Increases	20,805	24,651	41,008
SUD Enhancements	17,434	40,892	40,221
Intensive Community Treatment Services	8,837	27,352	19,811
Rates: Other Provider Increases	5,707	15,809	12,036
Ross Lawsuit	5,186	5,186	10,629
Workforce Development	4,780	4,780	10,571
CSTC - New Cottage Operating Costs	4,262	6,406	12,335
Clubhouses	3,172	15,322	7,973
Children's Mental Health	2,896	3,919	7,495
Behavioral Health Grants	0	45,111	0
Long-Term Civil Beds	0	0	-59,001
Program Cost Shift	-2,642	0	-5,664
IMD Federal Waiver	-16,238	0	-50,135

BHO Reserve Savings	-35,000	-61,000	-35,000
Trueblood Fines	-96,000	-96,000	-192,000
Behavioral Health Total	171,902	361,889	378,044

Long Term Care & DD

Rates: Home Care Workers (CBA & AP Parity)	95,156	216,414	243,744
Rates: Community Residential (DD)	62,176	123,152	150,201
Rates: Adult Family Homes (CBA)	37,577	84,411	81,357
Rates: Other Provider Increases	22,855	48,906	53,188
Long Term Care Supports/Trust	16,540	33,080	16,540
RHC Related Items	12,134	23,569	23,793
SOLA Expansion	10,608	21,073	26,209
Other Increases	6,396	10,156	12,726
Electronic Visit Verification	5,657	12,915	11,709
Community Respite Beds	3,712	4,414	7,564
Medicaid Transformation Waiver	0	30,975	0
RHC Cottage Closures	0	0	-6,264
Supported Living Investigators	-2,330	9,058	-4,776
Update Facility Definition - APS	-10,714	-15,641	-21,676
Remove Indirect Staff Funding	-14,270	-22,655	-38,601
Nursing Home Discharge	-15,830	-29,479	-51,751
Long Term Care & DD Total	229,667	550,348	503,963

Corrections and Other Criminal Justice

Increased Capacity and Programming	31,527	31,527	72,035
Sexual Assault Examination Kits	9,129	10,406	12,275
Other Increases	8,789	16,061	13,832
DOC Custody & Non-Custody Staffing	8,218	8,218	14,848
I-1639 Implementation	5,947	5,947	6,754
Basic Law Enforcement Academy	4,517	6,442	4,517
DOC: Health Care Cost	4,000	4,000	8,080
Violator Bed Rate Increase	3,880	3,880	9,103
BAR unit staffing	3,679	3,679	7,108
Crime Lab & Tox Lab	2,034	2,332	4,045
Indirect Costs	897	897	1,993
Drug & Gang Task Forces	0	400	0
Other Savings	-2,985	-2,985	-5,321
Corrections and Other Criminal Justice Total	79,632	90,804	149,269

Children, Youth, & Families

Non-Employee CBA: Family Child Care Providers	52,849	52,849	115,145
Child Care Centers Rate Increase	24,562	24,964	49,327
BRS Rate Increase	21,821	35,186	43,946
ECEAP: Expansion	19,602	19,602	37,535
ECEAP: Rates	15,167	15,167	31,936
Other Increases	12,521	17,854	16,727
JR Facility Staffing	8,272	8,272	16,596
Home Visiting	3,779	11,337	8,849
ECLIPSE Program	3,228	4,304	5,394
JRA Until Age 25	3,149	3,149	7,852
Early Achievers	1,815	7,915	2,770
WCCC Student Parents	1,387	1,387	6,201
Family First Prevention Services	0	7,586	0
Other Savings	-667	-667	-1,472

Program Cost Shift	-42,967	0	-42,967
Children, Youth, & Families Total	124,518	208,905	297,838

Other Human Services

Homelessness	15,709	26,766	24,492
Housing and Essential Needs	14,500	14,500	29,092
Other Increases	7,078	8,709	9,791
Crime Victims Provider Rates	6,768	6,768	10,978
Veterans Home Operations	4,471	0	4,471
Buildable Lands Program	3,000	3,000	3,000
Special Commitment Center (SCC)	2,234	2,234	4,640
TANF Related Program Changes	1,619	1,619	2,652
Non-Employee CBA: Language Access Providers	635	1,590	1,263
L&I: Other Increases	0	20,371	0
L&I: Apprenticeships	0	4,528	0
Other Savings	-951	-1,438	-1,937
Program Cost Shift	-4,000	0	-4,000
Other Human Services Total	51,063	88,647	84,442

Natural Resources

Disaster & Wildfire Preparedness/Response	24,679	147,269	39,184
DFW: Maintain Operations	24,150	25,630	24,150
Orca, Salmon & Related	18,234	18,749	26,476
Puget Sound & Watersheds	12,709	14,551	21,211
State Parks Services and Maintenance	12,548	15,847	22,333
Other Increases	11,071	15,192	17,067
Waste, Toxics, and Pollution	1,079	23,427	1,725
Fish & Wildlife	270	510	652
Local Solid Waste Financial Assist	0	10,000	0
Program Cost Shift	-540	0	-540
Other Savings	-1,068	-22,588	-2,143
PILT Payment Transfer	-3,232	-3,232	-3,232
Natural Resources Total	99,900	245,355	146,883

All Other Policy Changes

Debt Service	40,462	40,462	331,430
Central Services: All Other	32,282	75,074	67,207
Central Services: Self Insurance	31,220	46,619	63,021
Other Increases	21,623	70,193	40,756
Tax Preferences	16,400	16,400	34,400
Judicial: All Other Increases	16,060	16,060	32,078
2020 Census Promotion	15,159	20,159	15,159
IT Pool	12,819	82,814	12,819
Judicial: Vendor Rates	12,450	12,450	27,482
Lease & Facility Costs	9,319	21,034	10,860
Other IT & Related Items	8,060	125,445	12,108
Clean Energy & Buildings	6,963	15,355	10,698
Revenue Legislation	6,071	6,071	8,531
Prepaid Postage/Elections	4,821	4,821	9,132
Broadband	4,528	8,488	5,059
Immigration & Naturalization Related	3,734	8,167	6,865
Executive Protection Funding	2,003	2,003	2,003
Associate Development Organizations	1,608	1,000	1,608
AG Services	322	14,480	646

Judicial: IT & Related	0	25,808	0
One Washington (IT Project)	0	10,000	0
Cancer Research Endowment	0	6,000	0
Other Savings	-626	-2,626	-1,256
Federal Funding for Legal Services	-11,383	2,764	-22,944
Program Cost Shift	-14,189	0	-14,489
Efficiencies in State Spending	-22,510	-22,510	-45,162
Local Public Safety Account	-50,000	-50,000	-100,000
All Other Policy Changes Total	147,196	556,531	508,010
Grand Total	1,934,035	4,188,323	3,987,876

NGF-O = GF-S + ELT + OpPath

Appendix C

2017-19 Omnibus Operating Budget -- 2019 Supplemental
Proposed Final
(Dollars In Thousands)

	NGF-O	Total
<i>K-12 Education</i>		
Remove Forest Revenue Deduction	10,680	10,680
Other Increases	5,090	5,090
Other Savings	-948	-948
<i>K-12 Education Total</i>	14,822	14,822
<i>Behavioral Health</i>		
State Hospital Safety & Operations	44,827	44,827
Program Cost Shift	2,032	0
Forensic Competency Restoration	1,282	1,282
Other Increases	1,204	1,385
Ross Lawsuit	1,179	1,179
Behavioral Health Grants	0	15,247
Trueblood Fines	-28,000	-28,000
BHO Reserves Savings	-40,000	-70,000
<i>Behavioral Health Total</i>	-17,476	-34,080
<i>Health Care</i>		
Savings Restoration	42,660	108,748
Program Cost Shift	5,354	0
Other Increases	603	2,130
Marijuana Related Revenue	-2,993	0
<i>Health Care Total</i>	45,624	110,878
<i>Children, Youth, & Families</i>		
Increase Staff at JR Facilities	3,108	3,108
Increase BRS Rates	3,025	4,932
Other Increases	2,130	3,106
Preschool Development Grant	0	2,158
Program Cost Shift	-3,409	0
<i>Children, Youth, & Families Total</i>	4,854	13,304
<i>Long Term Care & DD</i>		
RHC ICF Medicaid Compliance	5,964	11,812
Other Increases	1,230	2,480
Electronic Visit Verification	-2,198	0
<i>Long Term Care & DD Total</i>	4,996	14,292
<i>Corrections and Other Criminal Justice</i>		
Custody Staffing	3,958	3,958
Other Increases	3,246	3,399
Health Care	2,909	2,909
Tolling Project	1,170	1,170
Other Comp Changes	952	952
I-1639 Implementation	782	782
<i>Corrections and Other Criminal Justice Total</i>	13,017	13,170

Other Human Services

Veterans Home Operations	10,550	0
Other Increases	1,369	2,570
Other Human Services Total	11,919	2,570

Natural Resources

Wildfire & Related Items	12,748	-16,346
Other Increases	1,214	2,692
BSA Eligible Fire Suppression	0	42,342
Natural Resources Total	13,962	28,688

All Other Policy Changes

Other Increases	4,636	7,877
Executive Protection Funding	1,471	1,471
Judicial: All Other Items	1,176	1,176
No Code	832	487
Other Comp Changes	0	18
Other Savings	-150	-1,840
All Other Policy Changes Total	7,965	9,189

Grand Total**99,683 172,833***NGF-O = GF-S + ELT + OpPath*

Appendix D

Summary of 2019-21 Collective Bargaining Agreements and Compensation Increases for Employees Not Covered by a Collective Bargaining Agreement	4-Year NGFO (Dollars in Millions)
All other Non-Represented Employees	449.0
WFSE General Government	375.0
Teamsters 117 DOC	153.7
Coalition of Unions	27.9
WPEA General Government	26.2
SEIU 1199 General Government	23.0
WFSE Community College Coalition	21.2
WPEA Community College Coalition	14.3
Four-year Higher Ed WFSE	10.5
Public Employee Benefits	7.4
Assoc of Fish & Wild Prof Agreement	5.5
Four-year Higher Ed PSE	4.0
UW SEIU 925	2.6
Highline CC WPEA	1.9
Yakima Valley CC WPEA	1.3
WSP Troopers	1.0
WSP Lieutenants/Captains	0.4
WSU Police Guild	0.2
UW Police - Teamsters 117	0.2
UW WFSE Police Management	0.1
PTE Local 17 General Government	0.0
UW SEIU 1199	0.0

Collective Bargaining Agreements for Non-Employee Groups	4-Year NGFO (Dollars in Millions)
Family Child Care CBA	119.7
Adult Family Homes Award/Agreement	81.4
In-Home Care Providers Agreement	184.6
Agency Provider Parity	55.5
Language Access Providers CBA	1.2
Total Non-Employee CBAs	442.4

Total may not add due to rounding.

Includes funding for I-732 COLA increases at community and technical colleges.

