



Proposed 2021-23 Biennial and 2021 Supplemental Operating Budgets

PSHB 1094

H-1383.2

By Representative Ormsby

Summary

March 26, 2021

Office of Program Research

Summary

Context

Since the Legislature adjourned in March 2020, much has changed. The COVID-19 pandemic continues to impact the lives of Washingtonians, the economy, and the state budget in different and, at times, unexpected ways. The 2020 supplemental budget was based on revenue estimates contained in the February 2020 revenue forecast.

Revenue

Less than four months later, in June 2020, that original estimate of revenue collections (2019-21 biennium plus the 2021-23 biennium) was reduced by \$9.3 billion. After three positive revenue forecast updates, estimated revenues have almost returned to the levels forecasted a year ago. (For the 2019-21 biennium plus the 2021-23 biennium, estimated revenues, excluding the impact of legislation enacted between the February and June 2020 forecasts, are now projected to be \$396 million below the February 2020 estimate).

Federal Actions (2020)

A number of COVID-19-related spending bills were enacted at the federal level in 2020.

- March 6: Coronavirus Preparedness and Response Supplemental Appropriations Act.
- March 18: Families First Coronavirus Response Act.
- March 27: Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- April 24: Paycheck Protection Program and Health Care Enhancement Act.

Under the statutory unanticipated receipt (UAR) process, when the state receives unanticipated federal grant moneys between legislative sessions, the Office of Financial Management (OFM) may approve expenditure of that funding after soliciting comment from the Legislature. Although approved UARs authorize expenditures outside of the appropriations process and do not appear in the omnibus appropriations act, they are part of the agency budget. The UAR process was generally used to allocate funding received in these first four acts.

On December 27, the federal Coronavirus Response and Relief Supplemental Appropriation (CRRSA) was enacted. A portion of that funding was included in House Bill 1368 (Federal Funding/COVID-19), adopted by the Legislature last month while a portion is appropriated in this proposal.

As of February 2021, approximately \$50 billion in federal stimulus payments, grants, and loans have been provided to individuals, households, and businesses as well as to the state, local governments, institutions of higher education, and common schools. This included a temporary increase to the Federal Medical Assistance Percentage (FMAP), the share of Medicaid costs paid by the federal government. While some of these funds were administered by the state using the statutorily defined unanticipated receipt process (as the Legislature was not in session), others were administered directly by the federal government. Amounts processed using the unanticipated receipt process are reflected in

these materials while those administered without state involvement are generally not reflected in these materials.

Federal Actions (2021)

On March 11, the American Rescue Plan Act of 2021 (ARPA) was signed into law. At an estimated cost of \$1.9 trillion, ARPA contains numerous provisions primarily focused around economic stimulus, support to state and local governments, and COVID-19-related costs.

Individuals in Washington will receive payments of \$1,400 (subject to certain limits), unemployment insurance (UI) benefits are extended until September 6, 2021, and UI payments are tax exempt for 2020 (subject to certain limits). In addition, the child tax credit is increased to \$3,600 (subject to certain limits) and made fully refundable. Increased federal subsidies are provided to those purchasing health insurance from the Health Benefit Exchange. ARPA also includes small business and restaurant relief.

Washington will receive increased federal funding under ARPA that will go through the state budget for K-12 and higher education, vaccines, testing and tracing, childcare, rental assistance, transportation, and other programs and services. Many of these are reflected in this summary document and in the agency detail. Here are a few of the major funding streams and Washington's estimated share:

- Coronavirus State Fiscal Recovery Fund: \$4.253 billion. The funds must be used by December 31, 2024, and allowable uses are responding to the pandemic including economic impacts, providing premium pay, replacing lost revenue (compared to fiscal year 2019), and investments in water, sewer, and broadband infrastructure. These funds can't be used for pensions or to reduce taxes.
- Coronavirus Local Fiscal Recovery Fund: \$701 million for metro cities, \$483 million for other cities, and \$1.48 billion to counties. For counties and larger cities, the funding goes directly to the local jurisdiction. For smaller jurisdictions the funding passes through the state budget. Allowable uses are mostly similar to the Coronavirus State Fiscal Recovery Fund.
- Education Stabilization Fund: \$2.55 billion. This is divided as follows:
 - Elementary and Secondary School Emergency Relief Fund (public K-12): \$1.85 billion.
 - Emergency Assistance to Non-Public Schools (K-12): \$43.7 million.
 - Higher Education Emergency Relief Fund: \$655 million (directly to higher education institutions, both public and private).
- Child Care and Development Block Grants: \$244 million.
- Child Care Stabilization grants: \$391 million
- Emergency Rental, Housing, and Utility Assistance: \$404 million (a portion of this may go directly to local governments).

State Actions

In February 2021, the Legislature passed House Bill 1367 (Medicaid appropriations) and House Bill 1368 (Federal Funding/COVID-19). Taken together, these bills appropriate approximately \$2 billion (excluding double appropriations) in federal funding (primarily from CRRSA) as well as \$164 million from the state Budget Stabilization Account (BSA). House Bill 1368 provided increased funding for rental assistance, business assistance, common schools, childcare, COVID-19 response, and other purposes. These actions are reflected in these materials as enacted appropriations in other legislation.

Approved UARs, primarily related to the first four COVID-19 federal fiscal bills, are also reflected in these materials. As noted above, UARs authorize expenditures outside of the appropriations process and do not appear in the omnibus appropriations act.

Revenue Forecast and Maintenance Level Changes Related to Proposed Substitute House Bill 1094

Based on the March 2021 revenue forecast, revenues subject to the four-year budget outlook are projected to increase from \$52.3 billion in the 2019-21 biennium to \$56.6 billion in the 2021-23 biennium (both figures are before required transfers to the BSA). The cost to continue current programs and meet statutory obligations for the 2021-23 biennium is projected to increase from the currently enacted 2019-21 appropriations of \$53.7 billion to \$56.0 billion in 2021-23.

Description of Summary and Detail Documents for PSHB 1094

Summary and detail documents related to PSHB 1094 describe spending from Near General Fund-Outlook (NGF-O) accounts and Total Budgeted funds. NGF-O accounts are those subject to the four-year budget outlook and include General Fund-State, the Education Legacy Trust Account, Opportunity Pathways Account, and the Workforce Education Investment Account. Total Budgeted funds include expenditures from NGF-O accounts in addition to all other budgeted funds. PSHB 1094 includes the 2021-23 biennial budget and makes supplemental changes to the 2019-21 biennial budget.

Given the unique circumstances caused by the pandemic, and the significant federal COVID-19-related funding, non-NGF-O spending plays a larger role in the state budget than is typical. For the same reasons, the 2021 supplemental operating budget which is included in PSHB 1094 is more substantial than a typical second supplemental budget.

Proposal by Representative Ormsby

For the 2021-23 biennium, PSHB 1094 appropriates \$58.3 billion NGF-O and \$121.2 billion in Total Budgeted funds. NGF-O policy level changes are a net increase of \$2.3 billion. In Total Budgeted funds, policy level increases are a net \$17.1 billion. PSHB 1094 approves the collective bargaining agreements submitted to the legislature.

For the 2019-21 biennium, NGF-O spending is reduced by a net of \$1.4 billion while Total Budgeted funds are increased by a net of \$2.8 billion, with much of that attributed to additional federal COVID-19-related funding. In addition to the \$2.8 billion, UARs totaled another \$6.4 billion and early action bills (House Bill 1367 and House Bill 1368) totaled an additional \$2.8 billion.

Expenditure Summary

This summary document includes an eight-page report that lists major spending items by category, as well as a summary of the unanticipated receipts linked to federal and private grant funding prior to January 2021, and a list of the items in the early action bills from February in this session (HB 1367 and HB 1368). Later in this summary is a short description of major expenditure items.

A separate agency detail document lists every policy item by agency and includes a brief description of each. That document also lists, by agency, unanticipated receipts.

Selected NGF-O Balance Sheet Related Items

The NGF-O balance sheet associated with PSHB 1094 includes the following assumptions for 2021-23:

- \$144 million transfer from the Public Works Assistance Account to the state General Fund.
- \$293 million in expenditure savings from reversions.
- \$357 million in capital gains tax revenue (assuming passage of SB 5096, excluding revenue to the Taxpayer Fairness Account).

2021-23 NGF-O Ending Fund Balance and the Four-Year Outlook

PSHB 1094, including related bills, leaves a projected ending fund balance for the 2021-23 biennium of \$732 million in NGF-O accounts and \$545 million in the Budget Stabilization Account (BSA).

Under the provisions of the four-year outlook (Chapter 8, Laws of 2012), PSHB 1094 is projected to end the 2023-25 biennium with \$199 million in NGF-O ending fund balance and \$1.1 billion in the Budget Stabilization Account. This outlook uses the revenue forecast for 2023-25 and does not include additional revenue under the 4.5 percent outlook provision.

Revenue Legislation Impacting the Balance Sheet and Outlook

The proposal by Representative Ormsby includes implementation of the Working Families Tax Credit (ESHB 1297) beginning in the 2021-23 biennium. This item appears in the expenditure section of these materials (Total Funds, including the Taxpayer Fairness Account: \$268 million in 2021-23 and \$563 million in 2023-25).

Capital Gains (ESSB 5096)

Beginning January 1, 2022, a tax is imposed on the adjusted capital gains of an individual for the privilege of selling or exchanging long-term capital assets or receiving Washington capital gains. The tax is equal to 7 percent of an individual's capital gain on long-term capital assets. The bill provides for several deductions, including the sale of a qualified family-owned small business and a standard deduction of \$250,000 for all filers. Exempted assets include real estate, certain retirement income, timber land, and property that is eligible for depreciation under federal law. In addition to the NGF-O revenue amounts displayed later in this document, \$126 million in the 2021-23 biennium and \$347 million in the 2023-25 biennium would be deposited into the newly created Taxpayer Fairness Account.

Other Legislation

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

Additional Information

This information is provided in explanation of the proposal offered by Representative Ormsby. The proposal is for the 2021-23 biennial budget and also makes supplemental changes to the 2019-21 biennial budget.

A complete set of materials produced by the House Office of Program Research (OPR) are available at http://leap.leg.wa.gov/leap/archives/index_budgetsp.asp (under Operating Budget/House). In addition to this summary document, materials include:

- Text of Proposed Substitute House Bill 1094;
- Agency detail showing line item policy changes by agency (and program level in selected areas such the Department of Social and Health Services, Health Care Authority, Department of Children, Youth, and Families, as well as K-12 Public Schools);
- A detailed four-year budget outlook; and
- Various documents and schedules (commonly referred to as LEAP documents).

Additional Information About This Summary Document

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

This summary document includes:

- a brief summary;
- a summary grouping of expenditures by major category;
- a summary of larger items included in the proposal; and
- the four-year budget outlook including resource changes.

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

2021-23 Omnibus Operating Budget
PSHB 1094 by Rep. Ormsby
Funds Subject to Outlook
(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
<i>Unanticipated Receipts (Mar - Dec 2020) + HEERF</i>					
Higher Education (Incl. GEER/HEERF)	0	1,223,605	0	0	0
Employment Security Department	0	1,198,084	0	0	0
Long Term Care & DD (Including Rates)	0	859,910	0	0	0
Military Dept. (Including FEMA)	0	803,057	0	0	0
K-12 Education (Incl. ESSR)	0	431,203	0	0	0
Tribal & Local Governments	0	428,900	0	0	0
Dept. of Health	0	318,572	0	0	0
All Other	0	241,589	0	0	0
Health Care Authority	0	230,570	0	0	0
Dept. of Children, Youth, and Families	0	205,038	0	0	0
Business Assistance	0	203,000	0	0	0
Other DSHS	0	141,830	0	0	0
Housing & Homeless	0	137,628	0	0	0
<i>Unanticipated Receipts (Mar - Dec 2020) + HEERF Total</i>	0	6,422,986	0	0	0
<i>Early Action Legislation</i>					
Federal ESSER Grants	0	668,130	0	0	0
Non-Public Schools Assistance	0	46,263	0	0	0
Appropriations into Dedicated Accounts	0	618,000	0	0	0
COVID-19: Response & Vaccines	0	618,000	0	0	0
Housing: Rental Assistance	0	355,000	0	0	0
Housing: Related Services/Supports	0	10,000	0	0	0
Business Assistance Grants	0	240,000	0	0	0
Temporary Rate Increase (DD/LTC)	0	69,962	0	0	0
Immigrant Relief Program	0	65,000	0	0	0
Child Care: Grants & Supports	0	50,000	0	0	0
Food Assistance & Related	0	31,092	0	0	0
Other Increases	0	32,000	0	0	0
<i>Early Action Legislation Total</i>	0	2,803,447	0	0	0
<i>Appropriations Into Other Accounts</i>					
BSA to Wa. Rescue Plan Transition Account	0	1,816,000	0	0	0
COVID-19: Response & Vaccines	0	0	0	1,040,000	0
Public Health Workforce/ARPA	0	0	0	145,000	0
Unemployment Insurance	0	0	0	600,000	0

In K12, to provide maximum flexibility, \$1.2 billion of federal funds are appropriated in both 2019-21 and 2021-21. For display purposes only, in 2021-23, total funds, figures are adjusted so as to not double count the \$1.2 billion.

NGF-O = GF-S + ELT + OpPath + Wkfrc Educ Invest

2021-23 Omnibus Operating Budget
PSHB 1094 by Rep. Ormsby
Funds Subject to Outlook
(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Wildfire, Forest, Community Account	0	0	125,000	125,000	125,000
Indian Health Improvement Account	2,396	2,396	18,669	18,669	21,065
Universal Communications Services	0	0	10,000	10,000	15,000
Backfill Dedicated Account Shortfalls	4,315	4,315	7,340	7,340	11,655
Other Increases	0	0	42,107	42,107	42,859
Appropriations Into Other Accounts Total	6,711	1,822,711	203,116	1,988,116	215,579
State Employee Compensation (Excl. Higher Ed.)					
Furlough Savings	-26,572	-60,075	0	0	-26,572
COLA Savings (Certain Employees)	-9,401	-17,556	0	0	-9,401
Employee Salary & Wages (Rep.)	0	0	-98,917	-230,476	-98,366
Discontinue Furloughs	0	0	99,640	233,249	99,640
Employee Health Benefits (Rep.)	0	0	12,470	21,840	72,120
Employee Health Benefits (Non-Rep.)	0	0	3,676	7,145	21,264
Juneteenth State Holiday	0	0	5,698	6,506	11,416
Remove Specific FSA Funding (Now In PEBB)	0	0	-6,780	-11,184	-13,560
Other Increases	0	0	42	13,115	84
Other Savings	0	0	0	-202	0
State Employee Compensation (Excl. Higher Ed.) Total	-35,973	-77,631	15,829	39,993	56,625
K-12 Education					
Federal ESSER Grants	0	74,837	0	1,417,009	0
Federal ESSER/Learning Loss	0	333,450	0	142,928	0
Enrollment/Transportation Stabilization	3,000	40,273	0	15,727	3,000
Additional School Days	0	0	278,126	278,126	278,126
Counselors/High Poverty Schools	0	0	52,489	52,489	191,383
Educational Technology	0	0	56,916	56,916	168,355
Running Start FTE Cap	12,732	12,732	35,150	35,150	86,440
Extended Transition Supports	0	0	24,000	24,000	24,000
Paraeducator Training	0	0	14,838	14,838	44,014
School Nurse Corps	0	0	11,085	11,085	22,499
School Lunch Copays	0	0	8,874	8,874	17,748
SEBB Rate	0	0	-9,915	-9,915	88,265
ARPA IDEA	0	0	0	53,000	0
Non-Public Schools Assistance	0	0	0	43,708	0
Transfers	0	0	0	0	0

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Funds Subject to Outlook
(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Other Increases	908	908	33,858	49,813	52,267
K-12 Education Total	16,640	462,200	505,421	2,193,748	976,097
Higher Education					
Emergency Assistance Grants	0	0	14,000	14,000	28,145
Guided Pathways	0	0	15,876	15,876	36,084
UW: Support for UW Medical & Dental	0	35,000	42,000	42,000	44,021
WSU Medical School	0	0	3,600	5,918	8,450
UW Medical School	0	0	2,291	2,291	6,921
CTCs: Job Skills	0	0	10,000	10,000	20,104
Passport to Careers	3,640	3,640	8,480	8,480	20,688
Fund Source Change	-250	0	0	0	-250
Other Increases	2,200	2,200	40,002	44,078	66,376
Higher Education Total	5,590	40,840	136,249	142,643	230,537
Higher Education Employee Compensation					
Employee Health Benefits (Rep.)	0	0	1,778	7,656	10,276
Employee Health Benefits (Non-Rep.)	0	0	6,669	18,716	38,935
COLA Savings (Certain Employees)	-10,809	-26,333	0	0	-10,809
Higher Education Employee Compensation Total	-10,809	-26,333	8,447	26,372	38,402
Public Health					
ARPA COVID-19 Public Health	0	0	0	1,185,000	0
Foundational Public Health	0	0	100,000	100,000	100,000
Public Health Data	0	0	2,994	21,194	5,988
Other Increases	0	0	16,231	17,191	25,933
Public Health Total	0	0	119,225	1,323,385	131,921
Temporary FMAP Rate Changes					
COVID FMAP Increase	-547,301	-173,874	-289,826	0	-837,127
ARPA HCBS Enhanced FMAP	-103,493	0	-312,322	0	-415,815
ARPA UIHP Enhanced FMAP	-2,395	0	-18,671	0	-21,066
Temporary FMAP Rate Changes Total	-653,189	-173,874	-620,819	0	-1,274,008
Behavioral Health					
Trueblood Settlement/Forensic Mental Health	107	107	58,595	62,126	155,260
Civil Ward Reductions	-3,562	-4,622	-56,052	-56,052	-198,753
Community Civil Involuntary Treatment Beds	0	0	48,697	77,775	202,338

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2021-23 Omnibus Operating Budget
PSHB 1094 by Rep. Ormsby
Funds Subject to Outlook
(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Behavioral Health Treatment/Supports	1,000	1,000	38,283	109,409	74,156
Behavioral Health Personal Care	7,071	7,071	25,844	26,296	64,769
Long-Term Housing Subsidies	0	0	19,728	19,728	39,456
Provider Grants & Rate Increases	1,743	14,119	30,669	125,261	66,996
988 Crisis Response Implementation	0	0	0	89,863	0
Suicide Prevention	0	0	6,385	6,385	12,715
PAL and PCL Funding Model	0	0	-3,708	2,892	-7,625
Underspend & Delays	-3,973	-11,108	0	0	-3,973
DSH Delay	0	0	0	0	-79,344
Other Savings	-243	-761	-3,402	-3,438	-7,850
Other Increases	272	3,681	15,650	27,261	28,921
Transfers	0	0	0	0	0
Behavioral Health Total	2,415	9,487	180,689	487,506	347,065
Health Care					
Maintain Hospital Safety Net	0	0	0	0	-292,000
Low Income Health Care/I-502	-65,488	0	-79,239	0	-265,826
DSH Delay	0	0	0	0	-56,740
Healthier WA Savings Restoration	30,792	71,216	61,584	142,432	156,627
Restore Program Integrity Savings	71,000	230,000	142,000	460,000	361,150
Primary Care Provider Rate	0	0	33,498	93,822	80,096
Uninsured & Underinsured Care	0	0	0	35,000	0
Family Planning Clinic Rates	0	0	5,210	16,081	11,422
Indian Health Improvement Reinvestment	0	2,396	0	18,669	0
Postpartum Coverage	0	0	8,240	14,436	17,684
Medicaid Fraud Penalty Account	13,625	0	13,920	0	27,481
Medicaid Waiver	395	64,697	0	557,641	395
Other Savings	-2,352	-2,352	-5,492	-7,354	-9,780
Other Increases	1,435	15,044	21,879	81,013	37,782
Health Care Total	49,407	381,001	201,600	1,411,740	68,291
Long Term Care & DD					
COVID Temporary Rate Increases	90,679	93,438	147,424	415,816	238,103
In-Home Care Provider Agreement	0	0	37,506	91,332	105,617
Agency Provider Agreement-Parity	0	0	9,663	23,571	27,261
Shared Benefit Rule	3,329	11,562	110,667	279,445	256,854

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Funds Subject to Outlook
(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Adult Family Home Award/Agreement	0	0	10,339	24,200	23,826
Supported Living Rates	0	0	14,897	30,159	46,991
Hospital Transitions	1,537	2,016	14,405	21,999	31,687
Nursing Home Rate Methodology	0	0	10,448	22,278	23,711
Skilled Nursing Quality Improvement	0	0	0	40,000	0
Transitional Care Center of Seattle	5,520	9,570	22,274	46,220	51,932
COVID Testing for Nursing Homes	17,160	26,400	0	0	17,160
Rental Subsidies	-747	-1,734	-9,852	-22,492	-22,594
Children's SOLA	0	0	5,606	10,919	15,745
High School Transition Students	0	0	4,187	7,875	12,494
HCBS Enhancements	0	0	146,488	146,488	146,488
Long-Term Services & Supports	0	0	0	39,393	0
Other Savings	0	0	-2,630	-3,730	-2,630
Other Increases	6,347	18,382	21,517	82,232	44,842
Long Term Care & DD Total	123,825	159,634	542,939	1,255,705	1,017,485
Children, Youth, & Families					
Child Care Stabilization Grants	0	0	0	400,000	0
WCCC: Provider Rate Increase	0	0	0	62,063	106,110
Early Learning Provider Supports	0	0	13,849	35,455	60,750
Child Care Premium Assistance	0	87	0	40,394	35,360
Child Care CBA (Family Child Care Providers)	0	0	6,390	6,390	17,202
Broadband	0	0	0	8,930	0
WCCC Co-Pay Reduction	0	0	0	90,792	139,533
Child Care Income Eligibility	0	0	0	20,857	60,822
WCCC: Student Parents	0	0	0	20,012	42,602
ECEAP Entitlement Delay	0	0	-56,919	-56,919	-193,527
ECEAP Expansion	0	0	0	10,362	24,382
ECEAP Rate Increase	0	0	7,100	20,038	37,100
JR Community Re-Entry	0	0	12,248	12,248	24,416
JR Behavioral Health	0	0	6,940	6,940	13,676
Home Visiting	0	0	0	18,225	29,598
Case Worker Caseload Ratios	0	0	9,631	11,461	27,844
Fund Source Change	0	0	-18,148	0	-32,705
Excess Federal Authority	0	-68,150	0	0	0

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2021-23 Omnibus Operating Budget

PSHB 1094 by Rep. Ormsby

Funds Subject to Outlook

(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Underspend & Delays	-16,683	-19,449	-313	-313	-16,996
Other Savings	-2,380	-3,830	-9,021	-9,804	-20,247
Other Increases	28,800	35,401	42,206	93,140	111,021
Children, Youth, & Families Total	9,737	-55,941	13,963	790,271	466,941
Housing & Homelessness					
Rental Assistance	0	0	0	920,000	50,000
Housing, Rental, and Related Svcs (HB 1277)	0	0	0	292,000	0
Shift Early Action Items From 19-21 to 21-23	0	-294,255	0	294,255	0
Housing and Essential Needs	0	0	23,910	26,520	23,910
ARPA/Homeowner Assistance Fund	0	0	0	166,600	0
ARPA/LIHEAP	0	0	0	80,420	0
ARPA/HOME IPP	0	0	0	23,280	0
CHG/Housing Vouchers & Assistance	0	0	20,000	20,000	20,000
Foreclosure Assistance	0	0	0	13,400	0
Shift Housing Trust Fund Projects	0	-47,441	0	0	0
Other Savings	0	0	0	-5,164	0
Other Increases	4,080	4,175	25,241	29,097	37,321
Housing & Homelessness Total	4,080	-337,521	69,151	1,860,408	131,231
Corrections and Other Criminal Justice					
Office of Independent Investigation	0	0	22,135	22,135	49,961
Blake Decision: Criminal Justice Costs	1,300	1,300	71,300	71,300	72,600
DOC Re-Entry & Family Involvement	3,903	3,903	43,895	43,895	120,204
Custody Staff	15,230	15,230	34,395	34,395	87,867
DOC Health Care	2,662	2,662	18,739	18,739	40,320
Coronavirus (COVID-19) Response	0	42,193	0	0	0
Maple Lane Expansion	0	0	-23,154	-23,154	-46,842
Fund Source Change	3,516	0	274	0	3,790
Underspend & Delays	-10,000	-11,000	0	0	-10,000
Other Savings	-4,929	-4,929	-3,860	-4,860	-12,851
Other Increases	12,370	12,370	33,509	36,253	68,364
Corrections and Other Criminal Justice Total	24,052	61,729	197,233	198,703	373,413
Other Human Services					
Immigrant Relief Fund	0	0	0	340,000	0
Paid Leave Coverage	0	0	0	204,722	0

In K12, to provide maximum flexibility, \$1.2 billion of federal funds are appropriated in both 2019-21 and 2021-21. For display purposes only, in 2021-23, total funds, figures are adjusted so as to not double count the \$1.2 billion.

NGF-O = GF-S + ELT + OpPath + Wkfrc Educ Invest

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2021-23 Omnibus Operating Budget
PSHB 1094 by Rep. Ormsby
Funds Subject to Outlook
(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Food Assistance & Related	5,042	35,399	92,909	140,793	105,248
TANF Grant Increases	0	0	37,629	37,629	78,792
TANF Time Limit	0	0	3,155	25,996	3,155
Emergency Cash Assistance	377	377	5,958	26,209	12,127
UI Customer Svcs & Fraud Prevention	0	52,158	0	82,533	0
Worker Compensation System Replacement	0	-63,970	0	44,024	0
Underspend & Delays	-25,105	-30,201	0	0	-25,105
Fund Source Change	-15,207	0	-19,938	0	-35,145
Other Savings	-10,203	-21,824	-11,875	-16,891	-23,985
Other Increases	6,524	13,258	22,805	77,545	38,959
Other Human Services Total	-38,572	-14,803	130,643	962,560	154,045
Natural Resources					
Wildfires, Forests, & Communities	0	0	0	125,000	0
Wildfire & Related Items	44,464	72,258	0	0	44,464
Growth Management	0	0	19,171	19,251	44,769
State Parks: Operations & Maintenance	437	437	16,650	19,108	30,149
Food Supply/Infrastructure	0	0	340	18,040	680
Fund Source Change	-1,656	0	-8,459	0	-13,853
RMCA Adjustment	0	0	0	-20,168	0
Other Savings	-6,510	-8,308	-1,880	-5,718	-8,434
Other Increases	668	915	49,874	116,932	82,723
Natural Resources Total	37,403	65,302	75,696	272,445	180,498
All Other Policy Changes					
Working Families Tax Credit	0	0	142,211	268,211	358,292
Unemployment Insurance Tax Relief	0	0	0	600,000	0
Business Assistance	0	-4,800	0	254,800	0
Small Business Credit Initiative	0	0	0	138,000	0
Local Government Assistance	0	0	144,000	144,000	144,000
Pass Thru Federal ARPA Funds To Smaller Cities	0	483,400	0	0	0
Debt Service on New Projects	0	0	41,957	41,957	371,923
Judicial: Legal Aid Services	0	0	13,040	13,501	28,422
Judicial: All Other Increases	80	80	10,075	33,969	18,336
Broadband	0	0	10,797	20,797	11,765
Capital Gains Tax	0	0	6,679	6,679	13,462

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NGF-O = GF-S + ELT + OpPath + Wkfrc Educ Invest

2021-23 Omnibus Operating Budget
PSHB 1094 by Rep. Ormsby
Funds Subject to Outlook
(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
IT Pool Funding	0	0	17,083	39,276	17,083
OneWashington	0	0	0	102,742	0
Central Services: OFM	0	0	56,769	83,013	74,769
Central Services: Self Insurance	0	0	57,069	77,646	57,069
Central Services: All Other	0	0	17,007	32,154	37,210
Disaster Response Account	0	-614	0	904,759	0
Personal Protective Equipment	0	11,092	0	49,847	0
Fund Source Change	0	0	-492	0	-492
Other Savings	-8,568	-35,483	-7,165	-23,712	-21,355
Other Increases	6,950	12,192	38,998	153,430	69,055
All Other Policy Changes Total	-1,538	465,867	548,028	2,941,069	1,179,539
Grand Total	-460,221	12,009,101	2,327,410	15,894,664	4,293,661

In K12, to provide maximum flexibility, \$1.2 billion of federal funds are appropriated in both 2019-21 and 2021-21. For display purposes only, in 2021-23, total funds, figures are adjusted so as to not double count the \$1.2 billion.

NGF-O = GF-S + ELT + OpPath + Wkfrc Educ Invest

K-12 EDUCATION

Increases

Federal

Subgrants to Local Education Agencies (\$1.74 billion Federal)

Federal funding from the Elementary and Secondary School Emergency Relief (ESSER) Fund is provided as subgrants to local education agencies to assist schools and students in recovering from the COVID-19 pandemic. Subgrants are allocated based on federal Title I, Part A formulas. The allowable uses of the subgrants are defined in federal law, and at least \$333.5 million of the subgrants must be used to address learning loss. In addition to the amounts shown above, \$1.2 billion in FY 2021 subgrants approved as unanticipated receipts or appropriated in either the 2021 Supplemental Budget or Chapter 3, Laws of 2021 (ESHB 1368) are appropriated again in the biennial budget.

ESSER State Amounts - Learning Loss (\$142.9 million Federal)

A portion of ESSER amounts not provided as subgrants is appropriated to the Office of the Superintendent of Public Instruction (OSPI) to address learning loss, and support summer enrichment and afterschool programs.

Enrollment and Transportation Stabilization (\$53 million Federal)

A portion of ESSER amounts not provided as subgrants is provided as enrollment and transportation stabilization to local education agencies that do not receive funding through ESSER subgrants sufficient to offset the revenue reductions due to lower enrollment and transportation use during COVID-19. Districts are stabilized to 2019-20 enrollments across multiple programs if 2020-21 or 2021-22 enrollments are lower. For transportation, stabilization amounts are provided in 2020-21 up to 80 percent of annual allocations prior to February 2021, and 2021-22 allocations are stabilized to be equal to 2019-20 allocations.

ESSER State Amounts - Other (\$71.8 million Federal)

A portion of ESSER amounts not provided as subgrants is appropriated to the Office of the Superintendent of Public Instruction (OSPI) for grants for community-based organizations, dual language programs, balanced calendars, career and technical education, small school assistance, high school success pilots, OSPI administration, and other items.

Individuals with Disabilities Education Act (\$53 million Federal)

Federal funding is provided under the Individuals with Disabilities Education Act (IDEA) for special education services in addition to regularly provided federal IDEA funding.

Non-public School Assistance (\$43.7 million Federal)

Federal funding is provided to support non-public schools to address impacts from the COVID-19 pandemic.

Supports for Children Experiencing Homelessness (\$12.0 million Federal)

One-time funding is provided for the purpose of identifying children and youth experiencing homelessness and providing them with wraparound services due to the challenges of COVID-19.

Funding may also be used to assist or enable children experiencing homelessness to attend school and participate in school activities.

Emergency Food Reimbursements (\$14.2 million Federal)

Appropriations are provided for federal reimbursements for emergency costs in child nutrition programs.

State

Additional Learning Days (\$278.1 million NGF-O; \$278.1 million 5-year NGF-O total)

Funding is provided for staff compensation and student transportation to support five additional school days in the 2021-22 school year.

Guidance Counselors for High Poverty Schools (\$52.5 million NGF-O; \$191.4 million 5-year NGF-O total)

Funding is provided to add 0.5 FTE guidance counselors per high poverty school for each prototypical school level (elementary, middle school, and high school) beginning in the 2022-23 school year.

Educational Technology: Learning Devices and Connectivity (\$56.9 million NGF-O; \$168.4 million 5-year NGF-O total)

Funding is provided to the Office of the Superintendent of Public Instruction (OSPI) for grants to assist districts in acquiring and supporting learning devices and to Educational Service Districts (ESDs) to provide technology procurement, training, and consultation, as described in Engrossed Second Substitute House Bill 1365 (schools/computers & devices). Also, a \$35 per student increase to the material, supplies, and operating (MSOC) cost rate for technology is provided beginning in the 2022-23 school year to support broadband connectivity.

Removal of Running Start Enrollment Limit (\$47.9 million NGF-O; \$86.4 million 5-year NGF-O total)

The 1.2 FTE enrollment limit for Running Start students is removed, beginning in the 2020-21 school year. Funding is based on estimated enrollment increases due to removing the enrollment limit.

Professional Development for Paraeducators (\$14.8 million NGF-O; \$44.0 million 5-year NGF-O total)

Funding is provided for two days of training in the Paraeducator Certificate Program per year, ongoing, beginning in fiscal year 2023. Funding is also provided to create online training for paraeducators on community, family, and student engagement.

School Employees Benefits Board Rate Adjustments (-\$9.9 million NGF-O; \$88.3 million 5-year NGF-O total)

Funding is adjusted for changes in the School Employees Benefits Board insurance funding rate. The per employee per month rate of \$1,000 in the 2020-21 school year is decreased to \$968 in the 2021-22 school year and increased to \$1,032 in the 2022-23 school year.

Educational Service District Nurse Corps and Safety Staff, and Stabilization Funding (\$16 million NGF-O; \$29.4 million 5-year NGF-O total)

Additional staff is provided to ESDs for the School Nurse Corps to support one day a week of support for all school districts with less than 2,000 students enrolled (second-class districts). Staffing at regional school safety centers are increased to 2.5 FTEs per ESD. Also, stabilization funding in fiscal year 2021 is provided to address COVID-19 impacts.

Extended Transition Supports for Special Education (\$24 million NGF-O; \$24 million 5-year NGF-O total)

Funding is provided to extend transition supports for students with disabilities that turned 21 in the 2019-20 or 2020-21 school years and did not graduate with a regular diploma.

Eliminating School Lunch Copays (\$8.9 million NGF-O; \$17.7 million 5-year NGF-O total)

School lunch copays are eliminated for students in prekindergarten through twelfth grades eligible for reduced-price lunches, expanding beyond the current coverage for grades kindergarten through third.

Institutional Education Enhancements (\$4.5 million NGF-O; \$9.3 million 5-year NGF-O total)

Differentiated instruction to meet unique student needs is expanded to 45 percent of enrollment and includes instruction for students with individualized development plans. Allocations for one Educational Advocate (EA) are provided to each institutional education program with more than 40 students enrolled in addition to federally funded EA positions. MSOC and professional learning allocations are increased. Funding is also provided for implementation of reforms required in Engrossed Second Substitute House Bill 1295 (Institutional ed./release).

HIGHER EDUCATION

Financial Aid

Washington College Grant (WCG)

Funding is included in the base budget (maintenance level) reflecting forecasted caseload growth in both the WCG and WCG-Apprenticeship programs. The WCG program provides full or partial tuition and fees for income-eligible students enrolled in Washington state colleges or universities. The WCG-Apprenticeship program supports income-eligible apprentices enrolled in approved registered apprenticeship programs. Together, these increases totaled \$1.3 million NGF-O (and \$69.5 million 5-Year NGF-O total).

Passport to Careers Caseload (\$12.1 million NGF-O; \$20.7 million 5-year NGF-O total)

Funding is provided for the Passport to Careers (PTC) financial aid program for students in foster care or who have experienced homelessness. Beginning in fiscal year 2020, appropriations were insufficient to fund all eligible students.

Student Supports

Job Skills Program (\$10.0 million NGF-O; \$20.1 million 5-year NGF-O total)

Funding is provided for the Washington Job Skills Program within the Washington State Board for Community and Technical Colleges which provides training for prospective employees anticipating industry expansion and incumbent workers, including retraining and training required for promotion.

Emergency Assistance Grants (\$14.0 million NGF-O; \$28.1 million 5-year NGF-O total)

Funding is provided for students of community and technical colleges to receive monetary aid to assist students experiencing unforeseen emergencies or situations that affect the student's ability to attend class.

Guided Pathways (\$15.9 million NGF-O; \$36.1 million 5-year NGF-O total)

Funding is provided to continue implementation of the Guided Pathways program at the community and technical colleges. Guided Pathways is a program designed to improve student success, redesign academic programs, and expand academic advising and support services.

Other Increases

Computer Science and Engineering Enrollments at University of Washington (\$6.0 million NGF-O; \$14.0 million 5-year NGF-O total)

Funding is provided for an additional 100 degrees per year from the Paul G. Allen School of Computer Science and Engineering.

University of Washington Medical and Dental Support (\$42.0 million NGF-O; \$35.0 million Federal; \$44.0 million 5-year NGF-O total)

One-time funding is provided to support the operations and teaching mission of the Harborview Medical Center and the University of Washington Medical Center. Funding is also provided to the University of Washington School of Dentistry to support operations.

Additional Federal Funds

In addition to the amounts appropriated in the budget, federal funds have been provided directly to institutions. Higher Education Emergency Relief Funds (HEERF) have been provided in CARES, CRRSAA, and ARPA, and referred to as HEERF 1, HEERF 2, and HEERF 3 respectively.

Each HEERF allocation was provided with a specific amount for emergency student grants and an amount for institutional aid with flexible uses.

Allowable uses for the flexible portion of HEERF include costs associated with significant changes to the delivery of instruction due to the coronavirus.

HEERF 1 provided \$234.1 million to Washington institutions. HEERF 1 allocations to Washington public institutions provided \$92.7 million in flexible funds and \$92.7 million for student grants. HEERF 2 provided \$378.8 million to Washington institutions. HEERF 2 allocations to Washington public institutions provided \$236.8 million in flexible funds and \$92.7 million for student grants. HEERF 3 is estimated to provide \$665.4 million to Washington institutions. HEERF 3 projected allocations to public institutions are \$290.2 million in flexible funds and \$290.2 million for student grants.

Additionally, higher education received the Governor's Emergency Education Relief (GEER) Fund within CARES. The GEER funding was allocated under the unanticipated receipt process and provided \$56.8 million to the public higher education institutions, of which \$44.0 million went to the community and technical colleges.

HEALTH CARE

Increases

Provider Rate Increases (\$44.3 million NGF-O; \$80.6 million Federal; \$104.8 million 5-year NGF-O total)

Funding is provided to maintain and increase access for primary care, family planning, and behavioral health services for Medicaid-enrolled patients through increased provider rates. The rates for certain behavioral health services for adults and children are increased by up to 15 percent in accordance with the process established in Chapter 285, Laws of 2020 (EHB 2584). The rates for primary care services included in the temporary rate increase provided by the Patient Protection and Affordable Care Act are increased by 15 percent, except for pediatric critical care, neonatal critical care, and neonatal intensive care services, which are increased by 21 percent. A set of family planning clinic rates for Title X family planning clinics are increased to the Medicare rate.

Uninsured and Underinsured Care (\$35.0 million Federal)

Federal funding of \$35.0 million is provided for one-time grants for rural health centers, federally qualified health centers, public hospital districts, behavioral health administrative service organizations, or free clinics to provide health care services for uninsured and underinsured patients, regardless of immigration status. An additional \$6.0 million was also provided for uninsured and underinsured care related to Covid-19 pursuant to Chapter 3, Laws of 2021 (ESHB 1368).

Post-Partum Coverage Extension (\$8.2 million NGF-O; \$6.2 million Federal; \$17.7 million 5-year NGF-O total)

Funding is provided for extending health care coverage for an additional ten months for postpartum persons who are eligible under pregnancy eligibility rules at the end of the 60-day postpartum period to provide a total of 12 months postpartum coverage under Substitute Senate Bill 5068 (postpartum period/Medicaid) and the American Rescue Plan Act of 2021.

Medicaid Transformation Project (\$233.0 million Local; \$410.8 million Federal)

The Section 1115 Medicaid demonstration waiver, called the Medicaid Transformation Project (MTP), is a five-year agreement with the Centers for Medicare and Medicaid Services (CMS) through December 2021. MTP is extended for one year through December 2022 and funded through the Medicaid Quality Improvement Program (MQIP). Appropriation authority is aligned with anticipated MTP spending to extend Initiative 1 (Accountable Communities of Health), Initiative 2 (Long-Term Supports), and Initiative 3 (Foundational Community Supports) for an additional year. Apple Health managed care organizations and their partnering providers will receive MQIP program payments as they meet designated milestones.

Saving Restorations (\$305.4 million NGF-O; \$598.3 million Federal; \$517.8 million 5-year NGF-O total)

Funding is provided to restore assumed savings that will not be realized at the levels or within the timeframes originally anticipated. This includes \$92.4 million NGF-O for the Healthier Washington Initiative and \$213.0 million NGF-O for program integrity activities.

Savings

Disproportionate Share Hospital Funding Delay (-\$136.1 million 5-year NGF-O total)

Under the Affordable Care Act, disproportionate share hospital (DSH) funding was scheduled to be reduced beginning in 2014. The federal government has repeatedly extended this reduction (most recently until federal FY 2024). Funding is adjusted for both the certified public expenditure hold harmless payment and federal DSH appropriation in anticipation of another federal extension. These figures include savings assumed in both the Health Care Authority and the Department of Social and Health Services.

I-502 Revenue (-\$144.7 million NGF-O; -\$265.8 million 5-year NGF-O total)

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

Hospital Safety Net Assessment (-\$292.0 million 5-year NGF-O total)

The Hospital Safety Net Assessment program (HSNA) allows the Health Care Authority (HCA) to collect assessments from Washington State hospitals and use the proceeds for payments to hospitals. The HSNA program is set to expire on June 30, 2023. Pursuant to House Bill 1316 (hospital safety net assessment), funding is adjusted to maintain the HSNA.

BEHAVIORAL HEALTH

Increases

988 Crisis Response Implementation (\$75.6 million Statewide 988 Crisis Response Line Account)

Funding is provided for implementation of Engrossed Second Substitute House Bill 1477 (national 988 system). This includes funding for routing of new calls referred through a new national 988 crisis response hotline; increasing adult and youth mobile crisis response capacity; and developing and implementing a new technologically advanced behavioral health crisis call center system.

Behavioral Health Treatment and Supports (\$49.9 million NGF-O; \$62.3 million Federal; \$79.5 million 5-year NGF-O total)

Funding is provided for expansion of community mental health and substance use disorder services including prevention, outreach, treatment, and recovery support services. This includes funding for short-term housing vouchers for individuals with behavioral health issues and funding to provide opioid use disorder medications for individuals in jails. Additional funds are provided for meeting exceptional personal care needs required by individuals with significant behavioral health disorders.

Community Civil Long-term Involuntary Treatment Beds (\$48.7 million NGF-O; \$29.1 million Federal; \$195.4 million 5-year NGF-O total)

The Legislature began funding contracted community civil long-term involuntary inpatient bed capacity in the 2017-19 biennium. These beds provide community alternatives to services historically provided at the state hospitals. There are 167 beds funded through the end of the 2019-21 biennium. Additional investments are made to increase the funded capacity to 273 beds by the end of fiscal year 2023. The budget outlook assumes that a total of 369 community beds are funded by the end of fiscal year 2025. Funding is also included for 64 state-run beds during fiscal year 2023 and the budget outlook assumes funding for 100 psychiatric beds at a new University of Washington behavioral health teaching hospital. Additional beds are closed at the state hospitals as described below.

Behavioral Health Provider Rate Increases (\$26.9 million NGF-O; \$59.6 million Federal; \$52.6 million 5-year NGF-O total)

Funding is provided for a 2 percent rate increase for a variety of community behavioral health providers. The funding shall be included in capitation rates for managed care organizations and in grants to behavioral health administrative services organizations. The Health Care Authority shall employ mechanisms such as directed payment to ensure the funding is used by these entities to increase provider rates.

Behavioral Health Provider Relief (\$31.0 million Federal)

Funding is provided on a one-time basis solely for the Health Care Authority to provide assistance payments to behavioral health providers that serve Medicaid and state-funded clients and have experienced revenue loss or increased expenses as a result of the COVID-19 pandemic.

Trueblood Settlement and other Forensic Mental Health Investments (\$52.7 million NGF-O; \$3.5 Other; \$139.0 million 5-year NGF-O total)

Funding is provided to continue implementation of the Trueblood, et. al. v. DSHS settlement. This includes funding for forensic navigators, outpatient competency restoration, housing, crisis, and other community support services required under the settlement agreement. Pursuant to

the agreement, these services are to be implemented in the phase II region (King County) during the 2021-23 biennium. Two new forensic wards are phased in at Western State Hospital and a new 30 bed facility for patients acquitted as not guilty by reason of insanity is funded at Maple Lane.

Savings

State Hospital Civil Ward Reductions (-\$60.0 million NGF-O; -\$192 million 5-year NGF-O total)

The Legislature began providing funding for community civil long-term involuntary inpatient bed capacity in the 2017-19 biennium. These beds provide community alternatives to services historically provided at the state hospitals. This item reflects savings from the closure of 180 beds at Western State Hospital during the 2021-23 biennium. The budget outlook assumes an additional 120 WSH beds are shifted to the community in the 2023-25 biennium. Investments in community beds are described above.

DEPARTMENT OF SOCIAL & HEALTH SERVICES

LONG TERM CARE & DEVELOPMENTAL DISABILITIES

Increases

Collective-Bargaining Agreements (\$57.5 million NGF-O; \$81.6 million Federal; \$156.7 million 5-year NGF-O total)

Funding is provided to implement the 2021-23 collective-bargaining agreements for Individual Providers (IPs) of home care services and for adult family homes (AFHs). Additionally, rate parity is funded for Agency Providers (APs) of home care services with the IP collective-bargaining agreement.

Temporary COVID-19 Rate Add-Ons (\$238.1 million NGF-O; \$271.2 million Federal; \$238.1 million 5-year NGF-O total)

Funding is provided to continue temporary rate add-ons for contracted long-term care and developmental disabilities services providers through the end of FY 2022 to address the increased costs associated with serving clients during the COVID-19 pandemic.

Other Provider Rate Increases (\$34.9 million NGF-O; \$37.8 million Federal; \$89.0 million 5-year NGF-O total)

A number of rate increases are funded in addition to the temporary COVID-19 rate add-ons and those agreed to through collective-bargaining agreements. These increases include a \$.05 increase in the hourly administrative rate paid to home care agencies; a rebase of nursing home direct rates in FY 2022; two 2.0 percent% rate increases for supported living providers; and a variety of rate incentives for contracted providers who accept clients discharged from acute care hospitals, including clients with specialized dementia care needs.

In addition to the dollar amounts shown in this summary, the base budget (maintenance level) provides funding for statutorily-required rebases of nursing home and assisted living facility rates in FY 2023, and for continuation of the inflation adjustment rate add-on for nursing homes.

Shared Benefit Adjustment (\$114.0 million NGF-O; \$177.0 million Federal; \$256.9 million 5-year NGF-O total)

Funding is provided for an anticipated increase in the number of in-home personal care hours provided to Department clients due to a recent rule change regarding how client care hours are assessed.

Other Nursing Home Increases (\$47.2 million NGF-O; \$79.5 million Federal; \$71.3 million 5-year NGF-O total)

Funding is provided to continue contracts with nursing homes dedicated to serving COVID-positive clients through FY 2021; to serve high-needs clients at the Transitional Care Center of Seattle, a state-owned nursing home; and to authorize a federal grant for skilled nursing facility quality improvement.

Behavioral Health Increases (\$25.8 million NGF-O; \$13.4 million Federal; \$66.9 million 5-year NGF-O total)

Funding is provided to transition clients with long-term care needs from the state psychiatric hospitals to community settings; to streamline personal care services for individuals whose personal care need is primarily due to behavioral health; and to add five new Children's State-

Operated Living Alternative (SOLA) homes for children who have both a developmental disability and behavioral health challenges.

Services for Non-Citizens (\$9.1 million NGF-O; \$17.5 million 5-year NGF-O total)

State-only funding is provided to serve approximately 50 individuals who are ineligible for Medicaid due to citizenship status in nursing homes, community settings, or in their own homes.

Waiver Expansions (\$9.8 million NGF-O; \$9.0 million Federal; \$28.2 million 5-year NGF-O total)

Funding is provided to expand the Basic Plus and Children's Intensive In-Home Behavioral Support (CIIBS) waivers for Developmental Disabilities Administration clients.

Savings

Rental Subsidies (-\$10.6 million NGF-O; -\$13.6 Federal; -\$22.6 million 5-year NGF-O total)

Savings are achieved through the creation of a state-funded rental subsidy program for clients who are ready to discharge from a nursing home to their own homes. By providing rental subsidies, the state expects to serve certain clients in an in-home setting rather than in a nursing home. The difference in the cost of serving clients in an in-home setting (including the cost of the rental subsidy) compared to nursing homes is expected to result in a net state savings.

ECONOMIC SERVICES ADMINISTRATION

Increases

Extension of 60-Month Time Limit (\$3.1 million NGF-O; \$26.0 million Federal; \$3.1 million 5-year NGF-O total)

Funding is provided for increased caseload resulting from the suspension of the 60-month time limit and the waiver of sanctions for nonparticipation in work activities. In addition to the amounts referenced above, Chapter 3, Laws of 2021 (ESHB 1368, Federal Funding/COVID) provided \$9 million of additional funding for this purpose. Also, additional funding for this purpose was provided in calendar year 2020 through the statutory unanticipated receipt process. Please see the agency detail document for additional information.

Grant Increase for Recipients of Temporary Assistance to Needy Families (\$34.8 million NGF-O; \$71.2 million 5-year NGF-O total)

Funding is provided to increase the grant for recipients of Temporary Assistance to Needy Families (TANF) by 10 percent.

Pandemic Emergency Assistance (\$22.7 million Federal)

Funding is provided for a one-time cash benefit for recipients of TANF and SNAP (Supplemental Nutrition Assistance Program) with children. In addition to the amount referenced above, Chapter 3, Laws of 2021 (ESHB 1368, Federal Funding/COVID) provided \$12 million of additional funding for this purpose.

Immigrant Relief Fund (\$340.0 million Federal)

Funding is provided for persons ineligible for stimulus payments or unemployment insurance who have been significantly affected by the coronavirus pandemic, such as loss of employment

or significant reduction in work hours, contracting the coronavirus and having to self-quarantine, caring for a family member who contracted the coronavirus, or being unable to access childcare for children impacted by school or childcare closures. In addition to the amount referenced above, Chapter 3, Laws of 2021 (ESHB 1368) provided \$65 million of additional funding for this purpose.

OTHER HUMAN SERVICES

DEPARTMENT OF HEALTH

Increases

Public Health Response to COVID-19 (\$12.0 million NGF-O; \$1.2 billion Federal; \$12.0 million 5-year NGF-O total)

Funding is provided for the state, local health jurisdictions, and tribes for testing, contact tracing, mitigation activities, vaccine administration and distribution, and other allowable uses to respond to the COVID-19 pandemic. Of the amounts above, \$145 million is provided to support the public health workforce for the state, local health jurisdictions, and tribes to prevent, prepare for, and respond to COVID-19.

Foundational Public Health Services (\$100.0 million NGF-O; \$100.0 million 5-year NGF-O total)

Funding is provided for the state, local health jurisdictions, and tribes for foundational public health services, which include communicable disease control, prevention of injury and chronic disease, and maternal and child health.

Public Health Data (\$18.2 million Federal)

Funding is provided for the maintenance and operation costs for four public health information systems. The systems include the Washington Disease Reporting System, which is the main tool for case management and outbreak response for infectious and non-infectious diseases; the Rapid Health Information Network, which analyzes and distributes data at the Department; the Washington Immunization Information System, which stores patient immunization data; and the Data Exchange Services, by which the Department submits and receives healthcare data. Additional funding is provided for maintenance and operation of the Prescription Monitoring Program.

Women, Infants, and Children (\$19.4 million other funds)

Funding is provided for the Women, Infants, and Children program (WIC), which will provide more access to nutritious food. In addition to the amount above \$3 million is provided for low-income families to purchase fresh produce.

Supporting HIV Clients (\$26.9 million other funds)

Funding is provided to support HIV/AIDS clients during the pandemic. The funding will provide for the expansion of services to people living with HIV who have lost access to care as a result of the COVID-19 pandemic.

EARLY LEARNING & CHILD CARE

Increases

Child Care Stabilization Grants (\$400.0 million Federal)

One-time funding is provided for the Department of Children, Youth, and Families (DCYF) to administer grants to eligible child care providers to stabilize the child care industry as part of the state's response to the COVID-19 public health emergency. Child care providers are eligible for grants if they are eligible for child care development fund moneys or if they are licensed, regulated, or registered within the state. Additional funding for this purpose was included in

Chapter 3, Laws of 2021 (ESHB 1368). Please see the agency detail document for additional information.

Working Connections Copayments, Income Eligibility, and Student Parents (\$124.3 million Federal; \$236.5 million 5-year NGF-O total)

Funding is provided to increase the income eligibility for Working Connections Child Care (WCCC) from 200 percent of the federal poverty level, approximately 50 percent of the state median income (SMI), to 60 percent SMI beginning July 1, 2021. Funding is provided to change the WCCC copayment structure beginning July 1, 2021 to match the new structure provided in Engrossed Second Substitute House Bill 1213 (Child care & early dev. exp.). In addition, copayments are capped at \$115 through September 30, 2023. Additional funding for this purpose was provided in calendar year 2020 through the statutory unanticipated receipt process. Please see the agency detail document for additional information. Funding is also provided to expand WCCC eligibility for student parents.

WCCC and ECEAP Provider Rate Increases (\$7.1 million NGF-O; \$75.0 million Federal; \$143.2 million 5-year NGF-O total)

Funding is provided to increase provider rates for WCCC and Early Childhood Education and Assistance Program (ECEAP) providers as provided in Engrossed Second Substitute House Bill 1213 (Child care & early dev. exp.). Beginning July 1, 2021, WCCC provider rates are increased to the 75th percentile of market rates and ECEAP provider rates are increased by 7 percent.

Fair Start for Kids Act (\$17.3 million NGF-O; \$36.8 million Federal; \$103.3 million 5-year NGF-O total)

Funding is provided to implement Engrossed Second Substitute House Bill 1213 (Child care & early dev. exp.). Funding includes the expansion of home visiting slots and the Early Childhood Intervention and Prevention Services (ECLIPSE) program, complex needs funds for providers serving children with complex needs, mental health consultation services, rate enhancements for providers that accept infants or provider dual language services, and additional provider supports such as professional development opportunities, equity grants, and trauma-informed care supports.

Child Care Employees Health Care Premium Assistance (\$40.9 million Federal; \$35.7 million 5-year NGF-O total)

Funding is provided for the Health Benefits Exchange (HBE) to implement a health care insurance premium assistance program for eligible employees who work in licensed child care facilities. Subject to appropriations, the HBE will pay the premium cost for a qualified health plan for eligible individuals. The DCYF will collaborate with HBE and establish a process for informing employees of licensed family home, center-based, and outdoor nature-based childcares about available financial supports and options for accessing health coverage. Funding is also provided for one or more lead navigator organizations to promote access to health services through outreach and insurance plan enrollment assistance for employees working in a licensed child care facility.

ECEAP Expansion (\$10.4 million Federal; \$24.4 million 5-year NGF-O total)

Funding is provided to add 100 new ECEAP slots during the 2021-22 school year and 650 new slots during the 2022-23 school year, for a total of 750 new slots by the end of the 2022-23 school year. Ninety percent of the new slots are the length of a school day, and 10 percent are the length of a working day.

Information Technology Upgrades (\$13.4 million NGF-O; \$6.6 million Federal; \$13.4 million 5-year NGF-O total)

One-time funding is provided for DCYF to migrate the Social Service Payments System (SSPS) to a cloud-based payment system in order to implement child care stabilization grants, child care subsidy rate enhancements, and other payments intended to support child care providers during and after the COVID-19 public health emergency.

Family Child Care Collective Bargaining Agreement (\$6.4 million NGF-O; \$17.2 million 5-year NGF-O total)

Funding is provided to implement the collective bargaining agreement for family child care providers. The agreement includes a 17.6 percent increase in the licensed family home provider non-standard hour bonus rate, a two percent tiered reimbursement increase for level 3.5, and a \$0.35 per hour per child rate increase for Family, Friend, and Neighbor (FFN) providers.

Savings

ECEAP Entitlement Delay (-\$57.9 million NGF-O; -\$194.5 million 5-year NGF-O total)

Savings are achieved by delaying the ECEAP entitlement date from the 2022-23 school year to the 2026-27 school year.

Child Care Development Fund (CCDF) Fund Shift (-\$11.9 million NGF-O; -\$11.9 million 5-year NGF-O total)

Federal Child Care Development Fund (CCDF) funding available under the American Rescue Plan Act of 2021 is used to support the WCCC program for families during fiscal year 2023.

WELFARE OF CHILDREN

Increases

Case Worker Staffing (\$16.4 million NGF-O; \$11.2 million Federal; \$16.4 million 5-year NGF-O total)

Funding is provided to phase in 119 full-time equivalent (FTE) staff, including both case workers and supporting staff. Additionally, funding is provided to restore Child Protective Services (CPS) FTEs that would otherwise be reduced due to a decline in forecasted CPS intakes during the COVID-19 pandemic.

Concrete Goods & Services (\$9.5 million Federal)

Funding from the American Rescue Plan Act (ARPA) of FY 2021 is provided for one-time grants of concrete goods or services to families that may be used to help keep homes safe for children, and one-time \$250 per-child grants for children at risk of child welfare system involvement. The grants are part of an effort to address the economic impacts of the COVID-19 pandemic.

Transitions to Adulthood (\$2.6 million NGF-O; \$0.5 million Federal; \$2.6 million 5-year NGF-O total)

One-time funding is provided for staff to develop a new approach to transition planning for youth preparing to exit foster care and other state systems of care. One-time funding is also

provided for the Department to contract with an organization that provides intensive case management under the LifeSet model for youth who have exited or are preparing to exit state systems of care.

COVID-19 Relief Efforts (\$16.4 million NGF-O; \$11.2 million Federal; \$16.4 million 5-year NGF-O total)

Funding is provided to backfill emergency grants for foster families and retainer payments for contracted providers that the Department offered in FY 2021 to address the impacts of the COVID-19 pandemic. Additionally, federal appropriation authority is provided for COVID-19 relief funding awarded to the Department through ARPA.

Child Placing Agency Rate Increase (\$0.8 million NGF-O; \$0.1 million Federal; \$1.6 million 5-year NGF-O total)

Funding is provided to increase all fees paid to Child Placing Agencies by 7.5 percent, effective July 1, 2021.

Savings

Underexpenditures and Fund Shift (-\$17.1 million NGF-O; -\$1.2 million Federal; -\$38.8 million 5-year NGF-O total)

Savings are assumed from one-time underexpenditure in FY 2021 and from reductions to staff goods, services, and travel for non-case carrying Department staff. Additionally, prevention and early intervention services eligible for federal Title IV-E reimbursement under the Families First Preservation Services (FFPSA) Act are shifted from the General Fund-State to federal Title IV-E as informed by the Department's FFPSA implementation plan.

DEPARTMENT OF LABOR AND INDUSTRIES

Increases

Violations of Workplace Protections (\$6.4 million other funds)

Funding is provided to implement Second Substitute House Bill 1076 (workplace violations/quit) that allows whistleblowers to bring actions on behalf of the state for violations of workplace protections.

Savings

Workers' Compensation System Modernization (\$-19.9 million other funds)

Funding is adjusted and savings are achieved in FY 2021. One-time funding and staff are provided in the 2021-23 biennium to continue the procurement and planning phase of replacing Washington's workers' compensation computer system.

TEMPORARY FMAP INCREASES

COVID-19 FMAP Enhancement (-\$837.1 million NGF-O; \$837.1 million Federal; -\$837.1 million 5-year NGF-O total)

The Families First Coronavirus Response Act was enacted March 18, 2020, and authorizes a 6.2 percentage point increase in the federal Medicaid assistance percentage (FMAP) match to help states respond to the COVID-19 pandemic. The additional funds are available to states from January 1, 2020 through the quarter in which the public health emergency (PHE) period ends, provided states meet certain conditions. On January 21, 2021, the Biden Administration extended the PHE an additional 90 days and sent a letter to governors indicating their intent to continually renew the PHE throughout calendar year 2021. The FMAP enhancement is assumed to end December 31, 2021. The federal Health and Human Services (HHS) will provide states with 60 days' notice prior to its expiration.

Home and Community-Based Services (-\$415.8 million NGF-O; \$415.8 million Federal; -\$415.8 million 5-year NGF-O total)

The American Rescue Plan Act (ARPA) of 2021 increases the Federal Medical Assistance Percentage (FMAP) by 10.0 percentage points for Medicaid Home and Community-Based Services (HCBS) for the period of April 1, 2021 through March 30, 2022, provided that states fulfill certain conditions. The state must use the federal funds attributable to the increase to supplement, not supplant, the level of state funds expended for HCBS for eligible individuals through programs in effect as of April 1, 2021. The state must also implement, or supplement the implementation of, one or more activities to enhance, expand, or strengthen HCBS. All funds resulting from the HCBS increased FMAP are reinvested into HCBS, consistent with the ARPA, as listed in LEAP Omnibus Document HCBS - 2021.

Urban Indian Health Program Enhancements (-\$21.1 million NGF-O; \$21.1 million Federal; -\$21.1 million 5-year NGF-O total)

As a result of section 9815 of the American Rescue Plan Act of 2021, the FMAP is increased for Medicaid Urban Indian Health Organization and Native Hawaiian Health Care System services to 100 percent for eight quarters. This increase is in effect from April 1, 2021 through March 31, 2023.

PUBLIC SAFETY AND THE JUDICIARY

OFFICE OF THE GOVERNOR

Increases

Office of Independent Investigation (\$19.7 million NGF-O; \$45.0 million 5-year NGF-O total)

Funding is provided to implement Engrossed Substitute House Bill 1267 (policy use of force) that establishes the Office of Independent Investigations for the purpose of investigating deadly force incidents involving peace officers.

Clemency and Pardons Board (\$5.0 million NGF-O; \$10.0 million 5-year NGF-O total)

Funding is provided for permanent staffing of the Clemency and Pardons Board (CPB), and to increase reviews of conditional commutations in addition to the CPB's current responsibilities.

CRIMINAL JUSTICE TRAINING COMMISSON

Increases

Mental Health Field Response and Arrest & Jail Alternatives (\$7.0 million NGF-O; \$14.0 million 5-year NGF-O total)

Funding is provided to expand the Mental Health Field Response Teams Program that encourages law enforcement agencies to use mental health professionals when responding to situations involving persons with mental health issues. Funding is also provided to continue a local Arrest and Jail Alternatives grant program that diverts individuals to therapeutic interventions and other services, who may have become involved in the criminal justice system and who may have a substance use disorder and other behavioral health needs.

Law Enforcement Officer Training (\$3.0 million NGF-O; \$1.0 million other funds; \$6.0 million 5-year NGF-O total)

Funding is provided for five additional Basic Law Enforcement Academy classes each fiscal year, increasing the total number of classes from 20 to 30 over the biennium.

Use of Force (\$2.4 million NGF-O; \$3.9 million 5-year NGF-O total)

Funding is provided for grants to local law enforcement agencies to support equipment purchase and video storage costs for body camera programs. In addition, funding is provided to implement Engrossed Substitute House Bill 1054 (peace office tactics and equipment), Substitute House Bill 1088 (impeachment disclosures), Engrossed Substitute House Bill 1267 (police use of force), and Engrossed Second Substitute House Bill 1310 (use of force), that establish standards for police use of force, require an agency to inquire as to whether an officer has been subject to potential impeachment disclosure prior to hiring such officer, and establish an Office of Independent Investigations. Funding is also provided to implement House Bill 1001 (law enforcement professional development) that establishes a law enforcement professional development outreach grant program to encourage a broader diversity of candidates to seek careers in law enforcement.

DEPARTMENT OF CORRECTIONS

Increases

Custody Staffing (\$53.8 million NGF-O; \$93.5 million 5-year NGF-O total)

Funding is provided: (1) to increase the officer duty relief factor for correctional facility and health care custody staff in the Department's prison staffing model; and (2) for contraband management within one of the correctional facilities that house female offenders.

Funding is also provided for a comprehensive review of the Department's community corrections staffing model and for developing an updated staffing model for use by the Department of Corrections.

Emergency Response to COVID-19 (\$42.2 million NGF-O; \$42.2 million 5-year NGF-O total)

Funding is provided for costs incurred as a result of the Department of Corrections' emergency response to the COVID-19 pandemic. This level of funding accounts for expected FY 2021 expenditures less the federal relief funds already received by the agency and estimated Federal Emergency Management Agency reimbursement.

Offender Reentry (\$36.1 million NGF-O; \$98.3 million 5-year NGF-O total)

Funding is provided for expanded reentry services for offenders released from correctional facilities that includes funding for community partnership programs, housing subsidies, offender health care coordination upon community reentry, pre-apprenticeship programming, implementation of the iCOACH (intensive supervision) model, and reentry programming services for incarcerated parents. Funding is also provided for a contract with the Washington Institute for Public Policy to evaluate reentry programs.

Health Care Delivery (\$15.4 million NGF-O; \$28.0 million 5-year NGF-O total)

Funding is provided to increase the nursing relief factor and for quality assurance nurses and health care navigation staff to expand patient healthcare services within correctional facilities. Funding is also provided to increase the amount of Hepatitis C treatments administered to incarcerated individuals.

Incarcerated Individual Betterment Fund (\$8.4 million NGF-O; \$14.0 million 5-year NGF-O total)

Funding is provided to shift the salaries of custody staff from the Incarcerated Individual Betterment Fund (also known as the Offender Betterment Account) to General Fund-State funding allowing those funds to be used to expand family services within correctional facilities.

Offender Education (\$4.8 million NGF-O; \$8.8 million 5-year NGF-O total)

Funding is provided to: (1) increase access to educational opportunities for incarcerated individuals through continued expansion of the secure internet program at correctional facilities; and (2) employ specialists to address the needs of incarcerated individuals with learning disabilities. Funding is also provided to implement Second Substitute House Bill 1044 (prison to postsecondary education) that implements postsecondary education certificate and degree programs at state correctional institutions.

JUVENILE REHABILITATION ADMINISTRATION

Increases

Community Reentry (\$12.6 million NGF-O; \$25.1 million 5-year NGF-O total)

Funding is provided to implement Engrossed Second Substitute House Bill 1186 (juvenile rehabilitation) that creates a community transition services program within the Department of Children, Youth, and Families. Funding is also provided for establishing a program that uses less restrictive settings and utilizes enhanced case management and community support services. The additional community transition services include risk validation tools, increased staffing at community facilities, equipment and staffing to support electronic home monitoring, increased legal advocacy, and additional support programs and staff to connect youth to community-based services.

JR Behavioral Health (\$5.6 million NGF-O; \$11.1 million 5-year NGF-O total)

Funding is provided for substance use dependency professionals and dialectical behavioral therapy specialists to implement the dialectical behavioral therapy and substance use treatment components of the department's Integrated Treatment Model.

JR to 25 (\$3.3 million NGF-O; \$6.5 million 5-year NGF-O total)

In 2019, legislation was enacted that requires individuals convicted of a crime in adult court that was committed while under age 18 to remain in the custody of the Juvenile Rehabilitation Administration until the individual reaches age 25. Additional funding is provided for staffing, programming, evaluation of placement, and legal sentence reviews. Programming services include post-secondary education, pre-apprenticeship training, trades exploration, and independent living skills.

WASHINGTON STATE PATROL

Increases

Fire Mobilization (\$10.5 million NGF-O; \$10.5 million 5-year NGF-O total)

Funding is provided for fire mobilization costs exceeding the amount provided in the Disaster Response Account

Missing and Exploited Children's Task Force (\$1.3 million NGF-O; \$2.6 million 5-year NGF-O total)

Funding is provided to expand the operations of the Missing and Exploited Children's Task Force that assists local law enforcement agencies with child abductions and child sexual exploitation investigations that involve using the internet.

ADMINISTRATIVE OFFICE OF THE COURTS

Increases

State v. Blake Decision (\$68.0 million NGF-O; \$68.0 million 5-year NGF-O total)

Funding is provided to assist counties with costs of resentencing and vacating the sentences of defendants whose convictions or sentences are affected by the State v. Blake court decision. Funding is also provided to assist counties that are obligated to refund legal financial obligations previously paid by defendants whose convictions or sentences were affected by the State v. Blake court ruling.

Trial Court Language Access Funding (\$2.7 million NGF-O; \$6.4 million 5-year NGF-O total)

Funding is provided to expand the state Interpreter Reimbursement Program to assist additional courts, to increase funds to courts now receiving assistance, and to provide additional testing and training for qualified language interpreters.

NATURAL RESOURCES

Increases

Food Assistance (\$84.0 million NGF-O; \$65.7 million Federal; \$84.0 million 5-year NGF-O total)

Funding for a variety of Washington State Department of Agriculture food assistance programs is provided from the Coronavirus State Fiscal Recovery Fund--Federal. This includes \$43.1 million for food purchase and other activities of the Emergency Food Assistance Program, \$17.6 million for food infrastructure and market access grants to farms and food processors, and \$5.0 million for grants to schools to purchase local food. In addition, \$84.0 million General Fund-State is provided to develop a state alternative to the USDA Farmers to Families Food Box Program, which provides food boxes of fresh produce, dairy, and cooked meats.

In addition to the amounts referenced above, Chapter 3, Laws of 2001 (ESHB 1368, Federal Funding/COVID) provided \$26.4 million of additional funding for food assistance. Additional funding for this purpose was also provided in calendar year 2020 through the statutory unanticipated receipt process. Please see the agency detail document for additional information.

Wildfire Prevention and Forest Health (\$125.0 million NGF-O; \$125.0 million 5-year NGF-O total)

Second Substitute House Bill 1168 (Long-term forest health) creates the Wildfire Response, Forest Restoration, and Community Resilience Account (WRFCRA). Allowable uses include fire preparedness (ground and aerial firefighting resources), fire prevention (forest health improvements, such as thinning and prescribed fire), and fire protection (such as community engagement and fuel breaks). General Fund-State is appropriated into the WRFCRA for use by the Department of Natural Resources (DNR).

Wildfire Suppression (\$43.4 million NGF-O; \$13.7 million Federal; \$14.1 million other funds; \$43.4 million 5-year NGF-O total)

Funding is provided for the costs of the fiscal year 2021 fire season that exceeded the amounts provided in the base budget. This includes \$60.4 million total (of which \$43.1 million is General Fund-State) for DNR fire suppression, \$10.5 million Disaster Response Account at the Washington State Patrol for the costs of fire mobilization at local fire districts, and \$0.3 million for the Department of Fish and Wildlife's costs for DNR fire suppression.

State Parks (\$14.2 million NGF-O; \$2.1 million other funds; \$26.1 million 5-year NGF-O total)

Additional funding for staffing and other costs of operating state parks is provided, including customer service, custodial maintenance, preventive maintenance at park buildings and facilities.

Local Solid Waste Financial Assistance (\$10.0 million other funds)

The Department of Ecology provides Local Solid Waste Financial Assistance grants to local governments for solid waste and hazardous programs, including waste cleanup, outreach, and planning efforts. Additional Model Toxics Control Operating Account funding is provided for these grants.

BUSINESS ASSISTANCE

DEPARTMENT OF COMMERCE

Increases

Small Business Assistance Grants (\$250.0 million Federal)

Funding is provided for small business grants through the Working Washington Grant program. Of the total funds, \$25.0 million is prioritized for grants to businesses and non-profits in the arts, heritage, and science sectors, including live entertainment venues.

In addition to the amounts referenced above, funding was provided in calendar year 2020 through the statutory unanticipated receipt process and in Chapter 3, Laws of 2021 (ESHB 1368, Federal Funding/COVID). Please see the agency detail document for additional information.

Small Business Credit Initiative (\$138.0 million Federal)

Funding is provided to implement small business capital access and other credit support programs under the State Small Business Credit Initiative reauthorized in the American Rescue Plan Act of 2021.

Tourism Marketing (\$10.0 million Federal)

Funding is provided for tourism marketing services to assist in the economic recovery of tourism-related business and increase Washington's tourism market share in comparison to other Western states.

Other Business Assistance Items (\$6.4 million NGF-O; \$12.2 million 5-year NGF-O total)

Funding is provided for other small business assistance programs, including the small business resiliency network; technical assistance programs on topics such as marketing and transitioning from in-person to online retail; and additional staff to oversee state small business programs.

EMPLOYMENT SECURITY DEPARTMENT

Increases

Unemployment Insurance Tax Relief (\$600.0 million Federal)

Funding is provided to implement House Bill ____ (Unemployment insurance tax relief) which will provide relief for unemployment insurance taxes in calendar year 2022 for businesses most heavily impacted by the COVID-19 public health emergency.

Fraud Prevention and Detection Improvements (\$37.2 million Federal)

Funding is provided to detect and prevent unemployment compensation benefits fraud, including funding for ESD to hire additional staff for fraud investigation, for security improvements to prevent insurance fraud, and to increase the use of automation and machine learning to identify and stop evolving fraud patterns.

HOUSING AND HOMELESSNESS

DEPARTMENT OF COMMERCE

Increases

Rental Assistance (\$920.0 million Federal; \$50.0 million 5-year NGF-O total)

Funding is provided for rent and utility assistance for low- and moderate-income tenants pursuant to the American Recovery Plan Act of 2021.

In addition to the amounts referenced above, funding for this purpose was provided in calendar year 2020 through the statutory unanticipated receipt process and in Chapter 3, Laws of 2021 (ESHB 1368, Early Action). Please see the agency detail document for additional information.

Housing Revenue Legislation (\$292 million Other Funds)

Funding is provided pursuant to Second Substitute House Bill No. 1277 (Housing/revenue source), which creates a new document recording fee. Revenues from the fee must be used for multiple state housing and homelessness programs. Of this funding, \$150.0 million is provided for the Eviction Prevention Rental Assistance Program created in the bill.

American Rescue Plan Act (\$283.7 million Federal)

Expenditure authority is provided for housing and homelessness programs receiving federal funding under the American Rescue Plan Act of 2021, including the Homeowner Assistance Fund; the Low-Income Home Energy Assistance Program; and the HOME Investment Partnerships Program.

Housing and Essential Needs (\$23.9 million NGF-O; \$2.6 million Federal; \$23.9 million 5-year NGF-O total)

One-time funding is provided to serve approximately 1,700 additional clients through the Housing and Essential Needs program.

Housing Vouchers & Assistance (\$20.0 million NGF-O; \$20.0 million 5-year NGF-O total)

One-time funding is provided for additional grants through the Consolidated Homeless Grant program, specifically for hotel and motel vouchers, Rapid Re-Housing services, and supportive services for homeless and at-risk individuals and families.

Long-Term Housing Subsidies (\$19.7 million NGF-O; \$39.4 million 5-year NGF-O total)

Funding is provided for long-term housing subsidies to serve approximately 500 clients with significant behavioral health needs.

Non-Congregate Sheltering (\$10.0 million NGF-O; \$10.0 million 5-year NGF-O total)

One-time funding is provided for grants to reimburse local governments for costs to provide emergency non-congregate sheltering incurred from January 21, 2021, through September 30, 2021.

GENERAL GOVERNMENT AND OTHER

DEPARTMENT OF REVENUE

Increases

Working Families Tax Credit (\$142.2 million NGF-O; \$126.0 million other funds; \$385.2 million 5-year NGF-O total)

Funding is provided to implement Engrossed Substitute House Bill No. 1297 (Working families tax exempt.), which amends the Working Families Tax Credit (WFTC) program. The WFTC program provides a refund for low-income taxpayers. The WFTC program was first created in 2008 and has not previously been funded.

Payments will begin in FY 23 and, over three years, the program is expect to cost \$831 million. Of this amount, \$473 million is from the Taxpayer Fairness Account (created in Engrossed Substitute Senate Bill No. 5096 (Capital gains)) and \$358 million from the state general fund.

Revenue Legislation (\$8.9 million NGF-O; \$16.7 million 5-year NGF-O total)

Funding is provided for the estimated cost to implement legislation impacting revenue in the 2021 session, including Engrossed Substitute Senate Bill No. 5096 (Capital gains).

EMPLOYMENT SECURITY DEPARTMENT

Increases

Paid Leave Coverage (\$204.7 million Federal)

Funding is provided to implement Engrossed Second Substitute House Bill 1073 (Paid leave coverage), which provides temporary alternate eligibility for Paid Family Medical Leave claims through June 30, 2022 as a result of the COVID-19 public health emergency.

Improvements to the State Unemployment Insurance System (\$37.6 million Federal)

Funding is provided to improve the state's unemployment insurance system in order to promote the timely payments of benefits with respect to unemployment compensation programs. Funding will support IT system improvements, the purchase of a new cloud-based phone system, translation and language access improvements, and additional staff support to increase the timeliness of unemployment compensation benefit payments.

Administration of Federal Unemployment Insurance Benefits (\$37.3 million Federal)

Funding is provided for ESD to administer benefits related to the federal unemployment compensation programs included and extended in the American Rescue Plan Act of 2021.

Long-term Services and Support (\$30.5 million other funds)

Funding is provided to continue the implementation of the Long-term Services and Supports program and trust established through Chapter 363, Laws of 2019 and Chapter 98, Laws of 2020.

Unemployment Insurance Appeals (\$22.3 million Federal)

Funding is provided for the Employment Security Department (ESD) to enter into an interagency agreement with the Office of Administrative Hearings to process a projected increase in unemployment compensation appeals during the 2021-23 biennium.

MILITARY DEPARTMENT

Increases

Disaster Response Account (\$964.9 million other funds)

Expenditure authority is provided for the Military Department to continue managing recovery projects for open presidentially declared disasters and wildfires, including the COVID-19 pandemic. Of the total funds, \$60.8 million is provided for personal protective equipment costs for state agencies. Funding is also transferred from the state General Fund to the Disaster Response Account to support a portion of these costs.

In addition to the amounts referenced above, funding for this purpose was provided in calendar year 2020 through the statutory unanticipated receipt process. Please see the agency detail document for additional information.

CENTRAL SERVICE AGENCIES

Increases

One Washington (\$95.3 million other funds)

Funding is provided for the Office of Financial Management to continue the One Washington program, which will replace current state financial, accounting, budget, and human resources IT systems with a new Enterprise Resource Planning (ERP) system. Funds are provided to complete Phase 1A (Agency Financial Reporting System Replacement) and to begin Phase 1B (Expanded Financials and Procurement).

Self-Insurance Liability Premium (\$93.0 million other funds)

Funding is provided for increased agency self-insurance premium payments to the Self-Insurance Liability Account administered by the Department of Enterprise Services, which pays for settlements, judgments, and defense costs arising from tort claims made against the state.

Information Technology Pool (\$17.0 million NGF-O; \$22.2 million other funds; \$17.0 million 5-year NGF-O total)

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

DEPARTMENT OF COMMERCE

Increases

Broadband (\$10.7 million NGF-O; \$11.6 million 5-year NGF-O total)

Funding is provided for several programs administered by the Statewide Broadband Office, including grants for digital navigators to assist individuals in procuring devices and connecting to internet services; technical assistance grants to communities and tribes applying for federal broadband funding; and establishing new drive-in WIFI hotspot locations.

Growth Management Act (GMA) Legislation (\$18.9 million NGF-O; \$44.5 million 5-year NGF-O total)

Funding is provided to implement legislation amending the GMA. Of these funds, \$15.1 million is for grants to local governments to implement GMA requirements as amended by the legislation.

Community Outreach (\$10.0 million NGF-O; \$10.0 million 5-year NGF-O total)

One-time funding is provided for grants to community-based organizations serving historically disadvantaged communities to conduct outreach and assist community members in accessing state and federal assistance programs.

UTILITIES AND TRANSPORTATION COMMISSION

Increases

Universal Communications Services (\$10.0 million NGF-O; \$15.0 million 5-year NGF-O total)

Funding is provided to continue the Washington Universal Communications Services Program that increases broadband access to rural communities.

SPECIAL APPROPRIATIONS

City and County Assistance (\$144.0 million NGF-O; \$144.0 million 5-year NGF-O total)

Funding is provided for distribution to cities and counties, based on population, including for the costs of new or increased services as a result of legislation enacted between January 1, 2020, and June 30, 2021. Washington Rescue Plan Transition Account (\$1, 816 million Budget Stabilization Account)

Washington Rescue Plan Transition Account

Funds are appropriated from the Budget Stabilization Account to the newly created Washington Rescue Plan Transition Account. Allowable uses of the account include responding to the impacts of the COVID-19 pandemic including those related to education, human services, health care, and the economy.

EMPLOYEE COMPENSATION AND PENSIONS

Increases

Collectively Bargained Furlough Renegotiation (\$99.6 million NGF-O; \$233.2 million Total Funds; \$99.6 million 5-year NGF-O total)

Funding is provided for memoranda of understanding to be negotiated with state employee bargaining representatives to reverse the agreed-to policy of 24 furlough days during the 2021-23 fiscal biennium. Employee bargaining organizations that agreed to cost-saving furlough policies are provided with the opportunity to renegotiate those provisions of their labor agreements. Funding to reverse those savings is provided for groups including the Washington Federation of State Employees (General Government, Assistant Attorneys General, Administrative Law Judges), the Washington Public Employees Association General Government, Washington Association of Fish & Wildlife Professionals, the Professional and Technical Employees Local 17, the Coalition of Unions, and the Service Employees International Union Local 1199 General Government.

State Employee Health Benefits/Public Employees' Benefits Board (\$24.5 million NGF-O; \$8.9 million Federal; \$142.2 million 5-year NGF-O total)

From an initial employer rate of \$993 per eligible employee per month based upon rates adjusted for surplus use for Fiscal Year 2021, the employer funding rate is decreased to \$936 per employee per month for Fiscal Year 2022 (using surplus from the 2019-21 biennium) and then increased to \$1,091 per employee per month for fiscal year 2023. These rates include \$4 in fiscal year 2022 and \$2 in fiscal year 2023 for administration of the Flexible Spending Account program.

Juneteenth State Holiday (\$5.7 million NGF-O; \$11.4 million 5-year NGF-O total)

Funding is provided for the impact on state agencies of making Juneteenth a State holiday, as provided for in Substitute House Bill 1016 (Juneteenth state holiday). This includes the costs associated with agency operations, including those at custodial and care facilities, that require any additional holiday times for employees to be backfilled at all times.

Initiative 732 Salary Increases - Community and Technical College Employees

In accordance with statute, funding for positions subject to the initiative is provided in the base budget (maintenance level) for a 1.7 percent increase on July 1, 2021, and a 2.2 percent increase on July 1, 2022.

Savings

State Employee Collective Bargaining Agreements (-\$98.9 million NGF-); -\$24.4 million Federal; -\$98.9 million 5-year NGF-O total)

Negotiated and ratified collective bargaining agreements with state employees for the 2021-23 Biennium are approved, and funding for those agreements is provided. Most agreements provide for no general salary increases, though several that represent initial stand-alone agreements contain other miscellaneous increases. The cost of fulfilling the health benefit terms of these agreements, which largely continues the current contract provisions, is included in the State Employee Health Benefits item above.

The Washington Public Employees' Association agreement, approved after the statutory October 1, 2020 deadline, is approved and a one-time exception to the deadline is provided.

Savings resulting from agreements that provided for 24 days of furloughs are included within these items but are offset by the Collectively Bargained Furlough Renegotiation item above.

Non-represented Employees Delayed General Salary Increase (-\$20.4 million NGF-O; -\$23.7 million Other; -\$20.4 million 5-year NGF-O total)

Most employees were scheduled to receive a 3 percent salary increase on July 1, 2020 (2 percent at the University of Washington) and continued funding for those increases is included in the base (maintenance level) budget. For certain non-represented employees, that increase was suspended by the Governor's exercise of emergency authority in response to the COVID-19 public health emergency and anticipated decline in state revenue.

Employees who had their salary increase delayed will begin to receive that increase on July 1, 2021 (rather than on July 1, 2020 as originally scheduled). By delaying the increase one year, agency expenditures were reduced by approximately \$23.4 million NGF-O in Fiscal Year 2021.

Additionally, and not reflected in the numbers of above, agency expenditures were reduced in Fiscal Year 2021 through implementation of furloughs.

State Employee Pension Contribution Rates (-\$308.2 million NGF-O); -\$633.6 million 5-year NGF-O total)

Funding for pension contribution rates is reduced consistent with the lower contribution rates adopted by the Pension Funding Council and the Law Enforcement Officers' and Firefighters' Plan 2 Retirement Board.

Transfers

Law Enforcement Officers' and Firefighters Plan 2 Retirement Fund Transfer to the Local Law Enforcement Officers and Firefighters' Retirement System Benefits Improvement Account (\$600 million other funds)

A one-time transfer is made from the Law Enforcement Officers' and Firefighters Plan 2 Retirement Fund to the Local Law Enforcement Officers' and Firefighters' Retirement System Benefits Improvement Account.

2021-23 Omnibus Operating Budget

PSHB 1094 by Representative Ormsby

Funds Subject to Outlook (NGF-O)

(Dollars in Millions)

	2019-21			2021-23			2023-25		
	FY 2020	FY 2021	2019-21	FY 2022	FY 2023	2021-23	FY 2024	FY 2025	2023-25
Beginning Balance	1,981	1,379	1,981	2,100	1,283	2,100	732	294	732
Forecasted Revenues	24,915	27,419	52,334	27,908	28,707	56,615	29,451	30,455	59,906
March 2021 Revenue Forecast (NGF-O)	24,915	27,419	52,334	27,908	28,707	56,615	29,451	30,455	59,906
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	0	0	0	548	895	1,443
2023-25 Use Forecast/Not 4.5% Additional	0	0	0	0	0	0	-548	-895	-1,443
Other Resource Changes	-84	-517	-600	-127	162	35	81	85	165
GF-S Transfer to BSA (1%)	-237	-257	-494	-268	-275	-543	-283	-293	-576
Prior Period Adjustments	39	20	60	20	20	41	20	20	41
CAFR Adjustments	24	0	24	0	0	0	0	0	0
Enacted Fund Transfers	89	106	195	0	0	0	0	0	0
Budget Driven Revenue	0	0	0	-3	-2	-6	-1	-1	-2
Proposed Fund Transfers	0	-383	-383	154	82	236	5	15	20
Revenue Legislation	0	-3	-3	-30	337	307	340	343	683
Total Revenues and Resources	26,813	28,282	53,715	29,880	30,152	58,750	30,264	30,833	60,803
Enacted Appropriations	26,005	27,695	53,700	26,005	27,695	53,700	27,929	28,170	56,099
Carryforward Level Adjustments				1,663	-61	1,603	-59	-57	-115
Maintenance Level Total	0	-926	-926	67	614	680	1,088	1,390	2,478
Policy Level Total	0	-460	-460	1,014	1,314	2,327	1,152	1,274	2,426
K-12 Education	0	16	16	315	192	507	226	230	456
Low Income Health Care & Comm Behavioral Health	0	-264	-264	-69	150	81	4	-6	-2
Social & Health Services	0	-251	-251	-123	180	57	178	159	337
Higher Education	0	5	5	68	74	142	48	47	96
Corrections	0	23	23	38	49	87	55	56	112
All Other	0	28	28	816	571	1,387	469	512	981
Debt Service	0	0	0	4	38	42	113	217	330
Employee Health & Benefits	0	0	0	-35	58	24	58	58	117
Compensation Changes	0	-18	-18	0	0	1	0	0	1
Reversions	-572	-127	-699	-152	-141	-293	-141	-144	-284
Revised Appropriations	25,433	26,181	51,615	28,597	29,420	58,017	29,970	30,634	60,604
Projected Ending Balance	1,379	2,100	2,100	1,283	732	732	294	199	199
Budget Stabilization Account									
Beginning Balance	1,618	1,683	1,618	0	268	0	545	830	545
GF-S Transfer to BSA (1%)	237	257	494	268	275	543	283	293	576
BSA Transfers	0	25	25	0	0	0	0	0	0
Appropriations from BSA	-200	-1,980	-2,180	0	0	0	0	0	0
Prior Period Adjustments	1	0	1	0	0	0	0	0	0
Interest Earnings	27	15	42	0	1	1	2	2	4
Budget Stabilization Account Ending Balance	1,683	0	0	268	545	545	830	1,125	1,125
Total Reserves	3,062	2,100	2,100	1,551	1,277	1,277	1,124	1,324	1,324
Percentage of Reserves to Revenues and Other Resources	12.3%	7.8%		5.6%	4.4%		3.8%	4.3%	
NGF-O	5.6%	7.8%		4.6%	2.5%		1.0%	0.7%	
Budget Stabilization Account	6.8%	0.0%		1.0%	1.9%		2.8%	3.7%	

Notes

1. NGF-O includes General Fund State, Washington Opportunity Pathways, Education Legacy Trust; and Workforce Education Investment Accounts.

2 This analysis was prepared by OPR staff for legislative deliberations of House members. It is not an official Outlook or an official state publication.

Fund Transfers, Revenue Legislation, and Budget Driven Revenues

PSHB 1094 by Representative Ormsby

Funds Subject to Outlook

(Dollars in Millions)

	2019-21	2021-23	2023-25	6 Yr
Fund Transfers In Budget Bill				
Disaster Response Account (GF-S)	-73.3	0.0	0.0	-73.3
Fair Account (GF-S)	1.0	0.0	0.0	1.0
Financial Services Regulation Account (GF-S)	0.0	7.0	0.0	7.0
Gambling Revolving Account (GF-S)	-6.0	6.0	0.0	0.0
General Fund (WEIA-S)	80.0	0.0	0.0	80.0
Home Security Fund Account (GF-S)	0.0	-9.0	0.0	-9.0
Long-Term Services and Supports Trust Account (GF-S) (Repayment of Loan)	0.0	37.1	0.0	37.1
Public Works Assistance Account (ELTA-S)	0.0	144.0	0.0	144.0
School Employees' Insurance Admin Acct (GF-S) (Repayment of Loan)	0.0	40.6	0.0	40.6
State Treasurer's Service Account (GF-S)	0.0	10.0	10.0	20.0
Statewide 988 Behavioral Health Crisis Respsns Line (GF-S) (Repayment of Loan)	0.0	0.0	9.7	9.7
Washington Rescue Plan Transition Account (GF-S)	-305.0	0.0	0.0	-305.0
Workforce Education Investment (GF-S)	-80.0	0.0	0.0	-80.0
SubTotal	-383.3	235.7	19.7	-127.9
Budget Driven Revenue				
Liquor Control Board (Liquor)	3.0	-0.2	6.3	9.1
Liquor Control Board (Marijuana)	-2.8	-5.5	-8.1	-16.4
Lottery	0.0	0.2	0.1	0.3
Marijuana Distribution Changes	0.0	0.0	0.0	0.0
SubTotal	0.2	-5.5	-1.7	-7.0
Legislation Impacting NGF-O Revenues				
HB 1015 Equitable Access to Credit	0.0	-19.0	-16.0	-35.0
HB 1033 Employment Training Program	0.0	-0.1	-0.1	-0.3
HB 1279 Main Street Program	0.0	-1.3	-3.1	-4.4
HB 1296 Behavioral Health Admin. Orgs.	0.0	-0.7	-1.4	-2.1
HB 1330 Electric Bicycles/Sales Tax	0.0	-0.6	0.0	-0.6
HB 1359 Liquor Licensing Fees	0.0	-8.4	-2.1	-10.5
HB 1480 Liquor Licensing Privileges	0.0	1.4	0.0	1.4
HB 1495 Auto Dealers/Cash Incentives	0.0	-0.8	-4.2	-5.0
HB 1512 Lodging-Related Assessments	0.0	-1.1	-1.2	-2.3
HB 1521 Warehousing & Manuf. Jobs.	0.0	-12.2	-7.8	-19.9
SB 5096 Capital Gains Tax	0.0	357.0	719.0	1,076.0
SB 5272 Liquor & Cannabis Board Fees	-2.6	-7.7	0.0	-10.3
SubTotal	-2.6	306.6	683.1	987.1
2023-25 Use Forecast/Not 4.5% Additional				
2023 Use Forecast/ Not 4.5% Additional	0.0	0.0	-1,442.7	-1,442.7
SubTotal	0.0	0.0	-1,442.7	-1,442.7
Grand Total	-385.6	536.8	-741.6	-590.5

2021

2023



Washington State House of Representatives
Office of Program Research