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# Proposed 2017-19 and 2017 Supplemental Operating Budgets

## PSSB 5883 Summary

June 30, 2017

Office of Program Research



# Summary

## **Context**

The Legislature entered the 2017 session with an increase in forecasted revenue along with increased costs related to continuing ongoing 2015-17 programs and services in 2017-19 (as well as statutorily required spending that starts or reappears in 2017-19). Significant fiscal and policy issues facing the Legislature in the 2017 session included implementation of the Supreme Court's McCleary decision (K-12 funding, particularly the state's share of basic education compensation), addressing behavioral health issues including court decisions involving both forensic and civil mental health services and federal oversight of Western State Hospital, and other fiscal and policy issues.

Forecasted revenue for the state General Fund, the Education Legacy Trust Account, and the Opportunity Pathways Account (NGF-P) increased from \$39.0 billion in 2015-17 to \$41.7 billion in 2017-19. (Another way to think about NGF-P is the state General Fund plus two much smaller but related accounts where general taxes, estate taxes, and lottery proceeds are deposited). This is an increase of approximately \$2.6 billion over the 2015-17 biennium.

The cost of continuing current programs and meeting other statutory obligations increased by approximately \$3.2 billion compared to 2015-17, resulting in a \$41.6 billion in 2017-19 NGF-P maintenance level. About 60% of this increase is in K-12 (including funding for I-732 and K-3 class size reduction required pursuant to HB 2776), about 20% in the Department of Social and Health Services, and about 10% in the Health Care Authority.

For the 2017-19 NGF-P biennial budget, after the June 2017 revenue forecast and the 1% deposit into the Budget Stabilization Account, the cost of continuing current programs and services and complying with current laws exceeds forecasted revenue for the biennium by approximately \$400 million.

## **Proposed 2017-19 Operating Budget Agreement (PSSB 5883)**

The proposed budget makes 2017-19 NGF-P appropriations of \$43.71 billion NGF-P and \$88.3 billion total budgeted funds. The policy level change is a net increase of \$2.1 billion. Here is a summary of the 2017-19 NGF-P budget appropriations:

- \$22 billion for K-12.
- \$14 billion for the Department of Social and Health Services and other health and human services state agencies.
- \$3.8 billion for higher education institutions and financial aid.
- \$3.9 billion for all other agencies and programs.

## **Selected Larger 2017-19 NGF-P Policy Level Items by Functional Area (and other funds where noted)**

### **K-12 Public Schools**

- \$1.1 billion increase to implement phased-in increases to K-12 public school staff compensation allocations, as required under House Bill No. 2242 (fully funding the program of basic education). Additionally, \$136.7 million is provided to begin phasing in state-funded professional learning days provided in HB 2242 and increased health benefit allocations that support the transition to a school employee health benefits program.
- \$382.7 million increase for enhancements to the state's program of basic education, as required under HB 2242, including funding for a new High Poverty-Based Learning Assistance Program, increased allocations for smaller class sizes in career and technical education programs and skill center programs, middle and high school transitional bilingual instruction, increased allocations for the state's program for highly capable students, and increased allocations for special education enrollment.
- \$165.3 million increase to support increased costs in the Local Effort Assistance program related to the one-year delay in the levy cliff (ESB 5023) and for the revised Local Effort Assistance Program created under HB 2422.
- \$22.9 million increase for programs supporting the basic education program including the Beginning Educator Support Team program and the Low-Achieving Schools program.

### **Higher Education**

- \$15 million increase for medical education at WSU and UW.
- \$5.3 million increase for stem cell and spinal cord research at UW.
- \$4 million increase for student success initiatives at Community and Technical Colleges and Western Washington University.
- \$4.2 million savings from UW and WSU reducing state-supported tuition waivers for graduate students, excluding veterans.
- \$3.5 million increase for STEM programs at UW and Community and Technical Colleges.
- Financial aid:
  - \$14.7 million increase for state match for the Opportunity Scholarship.
  - \$50 million increase for the State Need Grant. This maintains current service levels, increases the award amounts for students attending four-year private non-profit schools, and decreases the waiting list by about 875 students annually.
  - \$11 million savings from continuing program suspensions.

### **Early Learning and Child Care**

- \$25.1 million increase to expand ECEAP by an additional 1,800 slots, for a total of 13,491 slots by the end of the 2017-19 biennium.
- \$12.7 million increase for a six percent rate increase for ECEAP providers.
- \$15.1 million increase to fund the 2017-19 collective bargaining agreement with family home childcare providers.
- \$21.8 million increase for a six percent base subsidy rate increase for childcare center providers.

## **Health Care**

- \$84.3 million savings from continuing to utilize I-502 related revenues to support low-income health care.
- \$40.9 million increase for Hepatitis C treatment costs for Medicaid clients with less severe liver disease whose coverage for treatment has been mandated through court order.
- \$40.6 million savings (\$142.3M total) in prescription drug costs assumed through implementation of a single, standard preferred drug list and operating as the single pharmacy benefits manager under the prescription drug purchasing consortium.
- \$22.9 million savings (183.7M total savings) from caseload impacts of initiative 1433 (minimum wage).
- \$5.6 million increase (18.5M total) to extend coverage for the Washington State Health Insurance Pool through December 2022.
- \$4.9 million increase for performance payments to Health Home lead organizations serving clients dually-eligible for Medicare and Medicaid.
- \$3 million increase to test water fixtures in schools across the state, with an emphasis on testing older schools first.
- \$6.1 million savings (\$16.4M total) through reduced emergency department utilization as a result of managed dental care.
- \$12 million increase to the Department of Health and to local health jurisdictions to address communicable disease monitoring and prevention and to address chronic disease and injury prevention.
- \$15 million increase to expand case management for high-risk populations and to increase access to dental, mental health, and housing for persons with HIV.

## **DSHS Long-Term Care (LTC) and Developmental Disabilities Administration (DDA)**

- \$126.7 million increase to fund collective-bargaining agreements for home care workers and adult family homes and to provide parity for home care agencies.
- \$20.8 million increase for targeted vendor rates, including increases designed to bring certain vendors' employees up to the statewide minimum wage in 2017-19 and to increase certain vendor rates by approximately 4 percent by FY 2019.
- \$41.8 million to increase vendor rates for community residential service providers, nurse delegators, and private duty nursing in adult family homes.
- \$21.3 million increase for nursing home rates, including cost-rebasing in FY 2019 and implementation of SB 5715 (nursing home payments).
- \$4.7 million savings for a one-time assumed under-expenditure of DDA employment program funds in 2017-19, based on historical spending patterns.

## **DSHS Children's Administration**

- \$12.9 million increase for a variety of foster care and adoption support programs, including caseworker and foster care licensor FTEs, emergent placement contracts, parent-child visitation services, and modifications to adoption support payments pursuant to ESSB 5890 (foster care/adoption).
- \$10.3 million savings from one-time vacancy savings in 2017-19.

- All funding and FTEs for the Children’s Administration are transferred from DSHS to a newly created Department of Children, Youth, and Families (DCYF) in FY 2019, pursuant to 2E2SHB 1661 (children, youth, families/dept.). Please see the agency detail for DCYF for more information.

### **Behavioral Health**

- \$60 million increase for increased staffing levels and quality of care at the state hospitals.
- \$16.6 million increase for enhanced community placements for clients with long-term care and development disability needs who are discharged from state psychiatric hospitals (DSHS Long-Term Care/DDA).
- \$11.7 million for an increase in Medicaid rates payed to Behavioral Health Organizations.
- \$19.2 million to maintain and open new forensic restoration beds.
- \$8.6 million increase for community long-term inpatient beds.
- \$6.9 million increase for crisis walk-in centers.
- \$3.5 million increase in homelessness funding to serve individuals with a history of mental illness (Dept. of Commerce).
- \$21 million savings from an assumed federal IMD waiver in fiscal year 2019.
- \$9.7 million savings in single bed certification from unspent funds.

### **Natural Resources**

- Additional funding is provided to the Department of Fish and Wildlife to balance the State Wildlife Account and support current operations, including the Fish Program. This funding includes \$11.0 million General Fund-State as well as revenue assumed from commercial fishing license fee increases in Substitute House Bill 1597 (Commercial fishing).
- \$4.6 million increase for the Department Ecology for implementation of the Clean Air Rule, which establishes caps on the greenhouse gas emissions of certain businesses in Washington, including natural gas distributors, oil refineries, and power plants.
- \$25 million savings from program funding shifts from the state general fund to dedicated accounts.
- A redirection of \$10.0 million per biennium of Litter Tax revenue for support of the State Parks and Recreation Commission (State Parks) is continued into the 2017-19 biennium.
- \$9.9 million savings in the three Model Toxics Control Act (MTCA) accounts to accommodate a decline in Hazardous Substance Tax revenues.

### **Corrections**

- \$7.7 million increase to treat newly identified patients who require treatment for hepatitis-C.
- \$2.7 million increase for the departments’ work release program, including \$1.2 million for the addition of 20 beds at the Bellingham work release and \$1.4 million to reflect a 7.5 percent work release vendor rate increase.
- \$3.2 million increase for the department to hire additional records staff and make IT system improvements in response to the early release issue from 2016.
- \$2.5 million increase for the implementation of chapter 335, laws of 2017, which makes a 4th DUI a felony.

- \$5.7 million savings to reflect the passage of SSB 5934 (convicted persons). This includes savings resulting from allowing earned time on supervision, making supervision terms concurrent, and maintaining the current drug grid. It also includes costs related to an enhancement for habitual property offenders, a motor vehicle supervision pilot program, an identicard program for releasing offenders, and an increase in seriousness level for sex offenses against children.
- \$8.6 million savings to reflect a historical underspend at the agency.

### **Compensation and Health Benefits**

- Funding is provided for state employee Collective Bargaining Agreements (\$298 million General Fund-State, \$215 million other funds). State agency and higher education institution collective bargaining agreements are approved, contingent with the enactment of SB 5969 (Concerning public employee collective bargaining). Major provisions common to many of the agreements include general salary increases of 2 percent July 1, 2017, 2 percent July 1, 2018, and 2 percent January 1, 2019. Some job classes receive specific increases, and an increase to vacation leave accrual. Some agreements contain other increases.
- Funding is provided for non-represented employee salary increases (\$125 million General Fund-State, \$220 million other funds). Funds are provided to state agencies and higher education institutions for a general salary increase for employees not represented by a bargaining representative of 2 percent July 1, 2017, 2 percent July 1, 2018, and 2 percent January 1, 2019, class-specific adjustments, and an increase in vacation leave accrual.
- Funding is provided for state employee health benefits (\$50.6 million General Fund-State, \$74.5 million other funds). The state funding rate for employee health benefits, both those represented and not represented by bargaining representatives, is increased from \$888 per member per month to \$913 per member per month in FY 2018 and \$957 per month in FY 2019.
- Funding is provided for transportation employees compensation increments (\$53.9 million in total funds). Incremental funding is provided for compensation increases consistent with approved collective bargaining agreements and similar provisions for non-represented employees for employees of agencies normally funded in the transportation budget.
- \$462.6 million savings from use of the Pension Funding Stabilization Account (PFSA) for pension contributions in lieu of general fund. The PFSA balance is based on a transfer of extraordinary revenue of \$925 million deposited in the Budget Stabilization Account during 2015-17.
- Savings are achieved through a management reduction of 6 percent (\$13.0 million General Fund-State savings, \$13.7 million savings in other funds). State agencies are required to reduce management positions by 6 percent in fiscal year 2019.
- \$50 million savings from suspension of the distribution to the Law Enforcement Officers' and Fire Fighters' Plan 2 retirement benefit enhancement fund for the 2017-19 biennium.

### **Other Items**

- \$6.3 million increase to create the new Department of Children, Youth, and Family Services. Beginning in 2019, DSHS Children's administration and the Department of Early Learning will be consolidated into the new agency. Beginning in 2020, DSHS Juvenile Rehabilitation Administration is also added to the new agency.
- \$4.0 million increase for a 2.5 percent increase in Temporary Aid for Needy Families (TANF) cash assistance payments.

- \$14.8 million savings through extending the exemption from work participation requirements in the TANF/WorkFirst program to families with children under the age of 2 years old.
- \$6.6 million increase (\$8.6 total funds) for homelessness (in Commerce), including:
  - \$3.3 million increase for services for individuals with a history of mental illness.
  - \$1 million increase (3.6 million total) for services for homeless youth.
- \$107 million of the Disaster Response Account (\$25.5 state, \$81.6 Federal) is provided to continue recovering from 12 previously declared disasters, including the 2014 and 2015 wildfires in Central Washington and the Oso landslide.
- Funding changes for judicial agencies include:
  - \$26 million from the Judicial Information Systems Account is appropriated for judicial information technology projects and case management systems.
  - \$8 million increase to expand the Parents Representation Program statewide and address caseload increases in dependency filings.
  - \$3.7 million increase for additional civil legal aid services.
- \$8.2 million increase to create an information technology (IT) pool for select IT projects. The Office of Financial Management allocates funds from the pool, subject to approval by the state chief information officer.
- \$9.7 million increase for lease costs related to agency relocations in FY 2018.
- \$2.3 million increase for a new traceability system track the production, processing and retail sale of each marijuana product as it moves through the regulated marketplace for recreational and medical marijuana.
- \$11.5 million increase for business transformation activities within the Department of Labor & Industries.
- \$10 million savings from using funds received from the national Volkswagen consumer protection case settlement.

## **Proposed Resources**

The balance sheet associated with the proposed biennial budget includes:

- \$2.07 billion in new revenue, including:
  - \$456 million from extending economic nexus, repeal of the tax sales exemptions for bottled water, the self-produced fuel exemption, and streamlined sales tax payments (HB 2163 - revenue).
  - \$1.614 billion from increasing the state property tax rate to \$2.70 per thousand dollars of assessed value (HB 2242 - basic education funding). For calendar year 2017, the state property tax was \$1.88 per thousand dollars of assessed value.
- \$328 million in net fund transfers to the general fund.
- \$43 million in budget driven revenue.
- \$15 million revenue reductions from new tax preferences.
- To the extent that funds are deposited into the Budget Stabilization Account in 2017-19 as extraordinary revenue, those funds are transferred to the general fund. (This amount is expected to be approximately \$898 million.)

In addition to the revenue legislation, the budget proposal assumes passage of a number of policy bills necessary to implement the budget.



## **2017-19 NGF-P Ending Fund Balance and the Four-Year Outlook**

PSSB 5883 and related bills leave a 2017-19 ending fund balance of \$985 million in NGF-P accounts and another \$1.16 billion in the Budget Stabilization Account.

Under the provisions of the four year outlook (Chapter 8, Laws of 2012), PSSB 5883 is projected to end the 2019-21 biennium with \$42 million in NGF-P ending fund balance and \$1.7 billion in the Budget Stabilization Account.

## **Additional Information**

### **Additional information regarding these explanatory documents related to the proposed operating budget (SSB 5883)**

This information is provided in explanation of the proposed operating budget for the 2017-19 biennial budget and which also makes supplemental changes to the 2015-17 biennial budget.

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

- Agency detail showing line item policy changes by agency (and program level in selected areas such the Department of Social and Health Services and K-12 Public Schools);
- A detailed four-year budget outlook; and
- Any supporting schedules referenced in the budget.

### **Additional Information About This Summary Document**

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

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

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.

**2017-19 Omnibus Operating Budget**  
**Proposed Agreement (PSSB 5883)**  
(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
<b>Employee Compensation</b>			
Adjust Compensation Double Count	-25,897	-40,058	-35,588
Elected Officials	2,032	2,050	3,064
Non-Rep. Employees: Benefit Rate	22,415	60,909	32,890
Non-Rep. Employees: Salaries & Wages	124,734	344,651	227,452
ORCA Transit Pass	2,750	7,684	2,750
Other Increases	570	2,215	584
Rep. Employees: Benefit Rate	28,233	64,257	41,434
Rep. Employees: Salaries & Wages	298,538	513,556	406,010
<b>Employee Compensation Total</b>	<b>453,375</b>	<b>955,264</b>	<b>678,596</b>
<b>K-12 Education</b>			
Assessments	-12,677	-12,677	-15,164
CTE & Skills Center Class Size	82,021	82,021	115,490
Federal Forest Revenues	2,006	2,006	2,006
Health Benefit Rate Adjustment	110,356	110,356	351,652
Highly Capable	26,584	26,584	36,267
I-1351 (Class Size)	0	0	-1,914,398
K-12 Compensation Allocation	1,100,001	1,100,001	4,214,925
Learning Assistance Program	222,547	222,547	305,356
Local Effort Assistance	165,283	165,283	205,092
Low Achieving Schools	5,000	5,000	10,000
McCleary Implementation Schedule	0	0	-324,595
Mentoring	10,000	10,000	10,000
Other Increases	21,039	23,806	37,225
Other Savings	-2,891	-1,536	-6,677
Professional Learning	26,378	26,378	172,347
School Employees' Benefits Board	0	8,000	0
Shift Funding Between Accounts	-1,310	-1,310	-1,440
Special Education	22,697	22,697	30,775
TBIP Instructional Hours	26,942	26,942	38,801
<b>K-12 Education Total</b>	<b>1,803,976</b>	<b>1,816,098</b>	<b>3,267,662</b>
<b>Higher Education Institutions</b>			
Advanced Manufacturing Tech. Center	0	4,643	0
Expand MESA Sites	1,500	1,500	1,502
I-BEST	1,500	1,500	1,502
Initiative 1433 Minimum Wage	4,300	11,264	15,896
Maintenance & Operations	-4,190	0	-4,689
Other Increases	6,092	7,035	2,296
Other Savings	0	-2,674	0

**2017-19 Omnibus Operating Budget  
Proposed Agreement (PSSB 5883)**  
(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
Regenerative Medicine Institute	4,500	4,500	4,505
Res. Undergraduate/STEM Enrollment	2,000	2,000	2,002
Spokane Medical (WWAMI & WSU)	15,000	15,000	17,909
Student Success Initiatives	4,000	4,000	4,004
Waive Less Tuition	-4,220	0	-4,224
<b>Higher Education Institutions Total</b>	<b>30,482</b>	<b>48,768</b>	<b>40,701</b>
<b>Higher Education Financial Aid</b>			
Continue Program Suspensions	-11,064	-11,064	-11,526
Opportunity Scholarship	14,730	14,730	0
Other Increases	122	122	0
Other Savings	-794	-794	-795
Shift Funding Between Accounts	-3,000	0	0
State Need Grant	49,527	49,527	55,433
<b>Higher Education Financial Aid Total</b>	<b>49,521</b>	<b>52,521</b>	<b>43,112</b>
<b>Early Learning &amp; Child Care</b>			
Child Care Center Rate	21,805	22,160	24,482
Correct One-time Veto	-6,994	-6,994	0
Early Achievers Reduction	-7,000	-7,000	-7,013
ECEAP Entitlement	0	0	-54,155
ECEAP Rate Increase & Expansion	37,728	37,728	47,954
ECLIPSE Program	2,152	2,152	0
Non-Employee CBA: Family Child Care Providers	15,135	15,215	15,306
One-Time Federal Fund Adjustment	-5,000	0	0
Other Increases	4,534	5,792	3,101
Other Savings	-2,636	-2,636	-1,657
Procure Time and Attendance System	0	11,424	0
WCCC: Children <2 TANF exemption	-14,832	-14,832	-15,114
WCCC: Non-Custodial Parent Info	-3,054	-3,054	-3,828
WCCC: School Age Authorizations	-8,286	-8,286	-10,140
WCCC: Time and Attendance System	-8,971	-8,971	-39,109
<b>Early Learning &amp; Child Care Total</b>	<b>24,581</b>	<b>42,698</b>	<b>-40,173</b>
<b>Health Care</b>			
Collaborative Care	1,102	4,001	1,389
Community Health Centers I-502	-8,430	0	-11,748
Dental Emergency Dept. Avoidance	-6,103	-16,375	-13,752
Exchange Related Items	0	9,766	0
Expand Targeted Case Management	0	6,096	0
Hepatitis C Treatment Costs	40,941	173,300	45,692
HIV Related Svcs & Programs	0	9,000	0

**2017-19 Omnibus Operating Budget**  
**Proposed Agreement (PSSB 5883)**  
(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
Hospital Safety Net	0	33,372	-292,000
IMD Federal Waiver	-5,147	0	-10,768
Initiative 1433 Minimum Wage	-22,946	-183,752	-60,425
Inpatient Hospital Cost Avoidance	-2,342	-4,556	-2,450
Lead Exposure	3,000	3,000	0
Low-Income Health Care/I-502	-84,291	0	-117,476
Managed Care Dental	276	1,740	-1,412
Medicaid Fraud	-9,912	-994	-546
Medicaid Transformation Waiver	0	739,618	0
MICP Rate Increase	1,782	3,436	1,864
Non-Employee CBA: Language Access Providers	889	2,146	952
Oral Health Pilot Program	500	1,000	265
Other Increases	9,629	25,274	9,697
Other Savings	-2,189	-12,414	-2,310
Prescription Drug Costs	-41,635	-142,287	-60,387
Provider Credentialing	540	703	1,004
Public Health Funding For DOH	2,000	2,000	0
Public Health Funding For Locals	10,000	10,000	0
WSHIP Assessment	5,577	18,507	8,170
<b>Health Care Total</b>	<b>-106,759</b>	<b>682,581</b>	<b>-504,240</b>
<b>Behavioral Health</b>			
Behavioral Health Investment Plan	63,547	100,722	112,813
BHO Medicaid Rates	11,727	37,092	14,333
BHO Reserve Payback	0	0	-146,000
Children's Mental Health	1,930	2,986	2,050
IMD Federal Waiver	-20,984	0	-43,913
Initiative 1433 Minimum Wage	-5,776	-28,488	-23,141
Other Increases	1,485	25,735	881
Other Savings	-17,258	-22,850	-26,186
State Hospital Funding	61,936	62,023	44,047
<b>Behavioral Health Total</b>	<b>96,607</b>	<b>177,220</b>	<b>-65,116</b>
<b>Long Term Care &amp; DD</b>			
Employment Historical Underspend	-4,694	-4,694	0
High School Transition Students	2,701	5,402	5,209
Informal Supports	1,257	2,856	1,337
IP Overtime	458	1,040	0
Non-Employee CBA: Adult Family Homes	28,205	63,697	32,450
Non-Employee CBA: Agency Parity to IP	21,216	47,742	40,247
Non-Employee CBA: Individual Providers	77,304	160,356	145,619

**2017-19 Omnibus Operating Budget  
Proposed Agreement (PSSB 5883)**

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
Nurse Delegators	1,588	3,669	1,841
Nursing Home Direct Care Payments	10,150	20,304	10,561
Nutrition Assistance Older Adults	1,500	1,500	1,594
Other Increases	1,335	4,287	647
Shift Funding Between Accounts	1,568	0	1,666
Supported Living Rate Increase	39,555	79,109	54,042
Transformation Waiver Savings	-3,300	-7,500	-33,876
Vendor Rate Increase	21,338	44,511	32,035
<b>Long Term Care &amp; DD Total</b>	<b>200,181</b>	<b>422,279</b>	<b>293,371</b>
<b>Children &amp; Family Services</b>			
Create New Children, Youth & Families (Net)	5,779	6,645	9,856
Emergent Placement Contracts	3,999	3,999	4,070
Family Assessment Response (FAR)	7,218	0	7,218
Foster Care/Adoption Support	2,205	3,737	4,196
In-Home Services Travel Time	2,460	2,616	2,505
Increase Social Worker Staffing	4,807	6,243	7,961
Increasing Placement Options	1,124	1,918	1,108
Other Increases	1,921	6,411	2,722
Other Savings	-1,638	-3,140	-1,668
Staffing Underspend	-10,252	-10,252	0
Visitation Services	750	862	764
<b>Children &amp; Family Services Total</b>	<b>18,373</b>	<b>19,039</b>	<b>38,731</b>
<b>Corrections and Other Criminal Justice</b>			
Attempts to Obtain Firearms	1,507	1,507	1,409
Basic Law Enforcement Academy	2,567	3,703	0
Convicted Persons	-5,711	-5,711	-6,562
DOC Offender Record Staffing	1,735	1,735	1,769
Felony DUI	2,514	2,514	7,164
Hepatitis C Treatment Costs	7,756	7,756	7,941
Historical Underspend	-8,610	-8,610	-8,811
Non-Deadly Force Training	1,195	1,595	707
Other Increases	6,222	12,102	5,339
Other Savings	-100	-100	-1,044
Shift Funding Between Accounts	-483	0	-2,048
Work Release Vendor Rate Increase	1,459	1,459	1,495
<b>Corrections and Other Criminal Justice Total</b>	<b>10,051</b>	<b>17,950</b>	<b>7,359</b>
<b>Other Human Services</b>			
Facility Related Costs	-1,494	-2,300	-1,497
FSS Lead Staffing	-6,068	-7,986	-6,178

**2017-19 Omnibus Operating Budget  
Proposed Agreement (PSSB 5883)**

(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
Homelessness: Increases	4,300	14,400	3,706
Initiative 1433 Minimum Wage	-2,533	-2,533	-5,546
Kinship Care Means Testing	1,622	1,622	6,835
Other Increases	1,949	2,744	1,150
Other Savings	-2,796	-3,909	-3,052
TANF, SFA, RA Grant Increase	4,020	4,084	8,185
TANF/WorkFirst: Employment Services	-5,400	0	0
TANF/WorkFirst: Reduce DCA	-3,144	-3,144	-3,288
TANF/WorkFirst: Transp Enhancement	-500	-500	-509
WorkFirst Fund Balance	-36,200	-1,203	0
<b>Other Human Services Total</b>	<b>-46,244</b>	<b>1,275</b>	<b>-193</b>
<b>Natural Resources</b>			
Clean Air Rule	4,567	4,567	4,743
Flood Plan Grant Reduction	0	-2,000	0
Initiative 1433 Minimum Wage	0	1,856	0
Litter Account Reduction	0	-5,500	0
Low-Impact Development Training	0	-1,981	0
MTCA Staff Level Reduction	0	-5,000	0
Other Increases	12,852	26,913	6,323
Other Savings	-341	-7,433	-343
Parks: Increases	0	11,250	0
PILT Payments	-1,036	-2,418	0
Shift Funding Between Accounts	-25,400	0	-26,948
WDFW: One-Time Funding	11,000	9,125	0
<b>Natural Resources Total</b>	<b>1,642</b>	<b>29,379</b>	<b>-16,226</b>
<b>All Other Policy Changes</b>			
2017 Revenue Legislation	14,696	18,494	10,657
Cancer Research Endowment	5,000	5,000	0
Central Services	7,140	50,128	8,942
Debt Service	47,232	47,232	99,778
Disaster Recovery	0	107,085	0
E911 Equipment for Small Counties	0	2,000	0
Economic Development Fund	0	-4,000	0
Family & Medical Leave Insurance	0	82,000	0
Information Technology Pool	8,226	8,226	0
Judicial: Civil Legal Aid	4,805	4,805	6,436
Judicial: Other Increase	9,675	36,014	10,561
Judicial: Fund Shift	-11,802	0	-11,825
Judicial: Other Decrease	-811	-811	-1,625

**2017-19 Omnibus Operating Budget  
Proposed Agreement (PSSB 5883)**  
(Dollars In Thousands)

	2017-19		2019-21
	NGF-P	Total	NGF-P
L&I: Increases	100	45,948	0
L&I: Dedicated Account	-19,128	0	-19,162
Lease Pool	9,712	12,143	0
Local Public Safety Account	-50,000	-50,000	-50,000
Management Reduction	-13,059	-30,243	-26,689
Other Increases	14,230	78,032	16,393
Other Savings	-2,319	-32,223	-2,324
Pension Funding Stabilization Acct	-462,583	0	-462,583
Replace GF-State with VW Payment	-10,000	0	0
Shift Funding Between Accounts	-15,710	0	-10,621
<b><i>All Other Policy Changes Total</i></b>	<b>-464,596</b>	<b>379,830</b>	<b>-432,063</b>
<b>Grand Total</b>	<b><u>2,071,190</u></b>	<b><u>4,644,902</u></b>	<b><u>3,311,520</u></b>

**OUTLOOK: June 30th Proposed Compromise  
Near GF-S & Opportunity Pathways Account**

(Dollars in Millions)

	2015-17			2017-19			2019-21		
	FY 2016	FY 2017	2015-17	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2019-21
<b>Beginning Balance</b>	<b>1,011</b>	<b>1,403</b>	<b>1,011</b>	<b>781</b>	<b>1,022</b>	<b>781</b>	<b>985</b>	<b>640</b>	<b>985</b>
<b>Current Revenues</b>	<b>18,933</b>	<b>20,109</b>	<b>39,041</b>	<b>20,449</b>	<b>21,228</b>	<b>41,677</b>	<b>22,183</b>	<b>23,181</b>	<b>45,364</b>
June 2017 Revenue Forecast	18,933	20,109	39,041	20,449	21,228	41,677	21,837	22,644	44,482
Addtl Revenue Based on 4.5% Growth Rate	0	0	0	0	0	0	346	537	882
<b>Other Resource Changes</b>	<b>-35</b>	<b>-1,037</b>	<b>-1,073</b>	<b>602</b>	<b>1,416</b>	<b>2,018</b>	<b>1,574</b>	<b>1,710</b>	<b>3,284</b>
GF-S Transfer to BSA (1%)	-186	-198	-383	-208	-222	-430	-231	-241	-471
GF-S Extraordinary Revenue to BSA	0	-925	-925	0	-898	-898	0	0	0
Extraordinary Revenue from BSA to GF-S	0	0	0	0	898	898	0	0	0
Budget Driven Revenue	0	-1	-1	12	30	43	21	22	42
Prior Period Adjustments	67	20	88	20	20	41	20	20	41
CAFR Adjustments	-18	0	-18	0	0	0	0	0	0
HB 2163 (Revenue)	0	0	0	131	325	456	411	454	864
HB 2242 (Basic Education Funding)	0	0	0	541	1,073	1,614	1,185	1,309	2,494
S-2968 (Tax Preferences)	0	0	0	-5	-11	-16	-32	-49	-82
HB 1716 (Construction Registration Account)	0	0	0	-10	-10	-19	-10	-10	-19
HB 1677 Local Infrastructure Funding	0	0	0	0	0	0	106	109	214
Fund Transfers	102	66	168	119	210	328	104	96	200
<b>Total Revenues and Resources</b>	<b>19,909</b>	<b>20,474</b>	<b>38,980</b>	<b>21,832</b>	<b>23,666</b>	<b>44,476</b>	<b>24,742</b>	<b>25,531</b>	<b>49,633</b>
<b>Enacted Appropriations</b>	<b>18,627</b>	<b>19,826</b>	<b>38,454</b>	<b>18,627</b>	<b>19,826</b>	<b>38,454</b>	<b>20,060</b>	<b>20,302</b>	<b>40,362</b>
<b>Carryforward Level Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,066</b>	<b>-131</b>	<b>935</b>	<b>-132</b>	<b>-132</b>	<b>-264</b>
<b>Maintenance Level Total</b>	<b>0</b>	<b>-106</b>	<b>-106</b>	<b>830</b>	<b>1,418</b>	<b>2,248</b>	<b>2,886</b>	<b>3,544</b>	<b>6,430</b>
K-12 Education	0	48	48	361	547	908	680	826	1,506
I-732 COLAs	0	0	0	106	269	376	414	556	971
I-1351 Class Size Initiative	0	0	0	0	0	0	836	1,078	1,914
Higher Education	0	-1	-1	3	8	11	13	17	30
Early Learning	0	-2	-2	0	4	5	4	4	8
ECEAP Entitlement	0	0	0	0	0	0	0	54	54
Behavioral Health/Mental Health	0	-9	-9	47	66	113	78	89	167
Dev. Disabilities/Long Term Care	0	-59	-59	19	90	110	95	110	205
Low Income Health Care	0	-63	-63	63	169	232	301	377	679
Hospital Safety Net Expiration	0	0	0	0	0	0	146	146	292
Corrections/JRA/SCC	0	16	16	22	26	48	23	23	47
Children's/Economic Svcs	0	-28	-28	-40	-25	-65	-26	-27	-53
Pensions	0	0	0	110	136	246	148	164	311
Debt Service	0	-6	-6	-5	27	22	28	29	57
All Other	0	-1	-1	143	101	244	146	96	242
<b>Policy Level Total</b>	<b>0</b>	<b>78</b>	<b>78</b>	<b>390</b>	<b>1,681</b>	<b>2,071</b>	<b>1,409</b>	<b>1,902</b>	<b>3,312</b>
McCleary Related Items	0	0	0	361	1,451	1,812	2,292	2,905	5,196
K-12 Education	0	7	7	-2	-7	-8	-8	-8	-17
I-1351 Class Size Initiative	0	0	0	0	0	0	-836	-1,078	-1,914
Higher Education	0	1	1	43	48	91	44	48	93
Early Learning	0	-1	-1	5	20	25	22	22	44
ECEAP Entitlement	0	0	0	0	0	0	0	-54	-54
New Children's Agency	0	0	0	1	5	5	5	5	10
Behavioral Health/Mental Health	0	43	43	50	34	84	-111	28	-83
Dev. Disabilities/Long Term Care	0	2	2	35	55	90	59	52	111
Low Income Health Care	0	19	19	8	-40	-31	-41	-44	-84
Hospital Safety Net Expiration	0	0	0	0	0	0	-146	-146	-292
Utilize I-502 Revenue for Low Income Health Care	0	-18	-18	-39	-54	-93	-61	-68	-129
Corrections/JRA/SCC	0	-2	-2	5	-1	4	0	1	1
Children's/Economic Svcs	0	12	12	-30	-26	-56	-7	-17	-24
Pensions/ Dedicated Account	0	0	0	-231	-231	-463	-231	-231	-463
Debt Service	0	0	0	4	43	47	47	53	100
All Other	0	14	14	-29	-4	-33	-73	-25	-98
Employee Compensation	0	0	0	161	293	454	340	341	681
Provider CBA & Parity	0	0	0	48	95	143	115	119	235
<b>Reversions</b>	<b>-122</b>	<b>-105</b>	<b>-227</b>	<b>-103</b>	<b>-114</b>	<b>-217</b>	<b>-122</b>	<b>-127</b>	<b>-249</b>
<b>Revised Appropriations</b>	<b>18,506</b>	<b>19,693</b>	<b>38,199</b>	<b>20,810</b>	<b>22,680</b>	<b>43,490</b>	<b>24,102</b>	<b>25,490</b>	<b>49,591</b>
<b>Projected Ending Balance</b>	<b>1,403</b>	<b>781</b>	<b>781</b>	<b>1,022</b>	<b>985</b>	<b>985</b>	<b>640</b>	<b>42</b>	<b>42</b>
<b>Budget Stabilization Account</b>									
Beginning Balance	513	550	513	1,638	1,375	1,638	1,158	1,419	1,158
GF-S Transfer to BSA (1%)	186	198	383	208	222	430	231	241	471
GF-S Extraordinary Revenue to BSA	0	925	925	0	898	898	0	0	0
Extraordinary Revenue from BSA to GF-S	0	0	0	0	-898	-898	0	0	0
Appropriations from BSA	-189	-38	-228	-482	-463	-944	0	0	0
Actual Reversions	37	0	37	0	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0	0	0	0	0
Interest Earnings	3	4	7	11	23	34	31	42	73
<b>Budget Stabilization Account Ending Balance</b>	<b>550</b>	<b>1,638</b>	<b>1,638</b>	<b>1,375</b>	<b>1,158</b>	<b>1,158</b>	<b>1,419</b>	<b>1,701</b>	<b>1,701</b>
<b>Total Reserves</b>	<b>1,952</b>	<b>2,419</b>	<b>2,419</b>	<b>2,397</b>	<b>2,143</b>	<b>2,143</b>	<b>2,059</b>	<b>1,743</b>	<b>1,743</b>



**Fund Transfers, Revenue Legislation, and Budget Driven Revenues**  
**June 30th Proposed Conference**  
**General Fund-State, Education Legacy Trust, and Opportunity Pathways Accounts**  
(Dollars in Millions)

	Account	2015-17	2017-19	2019-21
<b>Fund Transfers</b>				
Aerospace Training Student Loan Account	GF-S		1.500	
Child and Family Reinvestment Account	GF-S		7.218	
Criminal Justice Treatment Account	GF-S		8.900	8.400
Death Investigations Account	GF-S		1.186	
Disaster Response Account	GF-S	-42.000	42.000	
Firearms Range Account	GF-S		-0.075	
New Motor Vehicle Arbitration Account	GF-S		2.000	
Public Works Assistance Account	ELTA-S		254.015	179.979
State Patrol Highway Account	GF-S		-0.625	
State Treasurer's Service Account	GF-S		12.000	12.000
Tobacco Settlement Account	GF-S		2.372	
<b>SubTotal</b>		<b>-39.628</b>	<b>328.119</b>	<b>200.379</b>
<b>Budget Driven Revenue</b>				
Liquor Control Board and Lottery	GF-S	-1.440	2.302	4.577
Habitat Conserve	GF-S		-1.377	-1.668
Marijuana Distribution Changes	GF-S		18.000	28.000
RTA Administrative Fee	GF-S		7.741	11.589
Vessel Renewal Notices	GF-S		1.000	
Tobacco Arbitration Settlement	GF-S		15.000	
<b>SubTotal</b>		<b>-1.440</b>	<b>42.666</b>	<b>42.498</b>
<b>HB 2163 (Revenue)</b>	GF-S	<b>0.000</b>	<b>456.396</b>	<b>864.100</b>
<b>HB 2242 (Basic Education Funding)</b>	GF-S		<b>1,614.200</b>	<b>2,493.700</b>
<b>S-2968 (Revenue)</b>		<b>0.000</b>	<b>-15.666</b>	<b>-81.767</b>
<b>HB 1716 (Construction Registration Account)</b>	GF-S		<b>-19.178</b>	<b>-19.178</b>
<b>HB 1677 Local Infrastructure Funding</b>	ELTA-S			<b>214.276</b>
<b>Grand Total</b>		<b>-41.068</b>	<b>2,406.537</b>	<b>3,714.008</b>

Notes:

1. Transfers to and from the Budget Stabilization Account are not displayed above. These can be found on the budget Outlook.
2. There are transfers made between the General Fund and the Family and Medical Leave Insurance Account which net to zero in the FY 2017-19 biennium.

2017

2019



Washington State House of Representatives  
Office of Program Research