



Proposed 2019-21 and 2019 Supplemental Operating Budgets

PSHB 1109

H-2531

By Representative Ormsby

Summary

March 25, 2019

Office of Program Research

Summary

Context

Summary and detail documents related to the House Appropriations Chair's operating budget proposal 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 the state General Fund, the Education Legacy Trust Account, and the Opportunity Pathways Account. Total Budgeted funds include expenditures from NGF-O accounts in addition to all other budgeted funds.

After the 2019 February caseload and March revenue forecasts, NGF-O revenue for 2019-21 is estimated to be \$50.56 billion (\$4.5 billion above 2017-19 levels)¹, and 2019-21 maintenance level (the cost of continuing 2017-19 programs and services into 2019-21) is estimated to be \$50.50 billion (\$5.8 billion over 2017-19 levels, about two-thirds of which is in K-12 public schools). Available NGF-O resources are then reduced by transfers to the Budget Stabilization Account (BSA) and increased by the NGF-O balance at the end of the 2017-19 biennium.

Significant fiscal and policy issues facing the Legislature in the 2019 session include: (1) behavioral health issues including litigation and federal oversight of state hospitals; (2) federal certification of Residential Habilitation Centers; (3) consideration of collective bargaining agreements submitted to the Legislature under state law and other compensation and vendor rate proposals; (4) various other fiscal and policy issues in areas such as K-12 education, natural resources, early learning, corrections, and human services.

Proposed Substitute House Bill (PSHB) 1109

PSHB 1109 makes 2019-21 appropriations of \$52.8 billion NGF-O and \$100.2 billion in Total Budgeted funds. NGF-O policy level increases are a net \$2.3 billion. In Total Budgeted funds, policy level increases are a net \$4.7 billion.

The NGF-O balance sheet associated with PSHB 1109 includes the following for 2019-21:

- \$796 million in net additional NGF-O resources from legislation impacting revenues.
- \$247 million in assumed reversions.
- \$187 million in budget driven revenue and fund transfers (excluding those impacting the Budget Stabilization Account).

The 2019-21 NGF-O ending fund balance is projected to be \$209 million.

In addition to appropriations made in PSHB 1109, these documents reflect appropriations made in other assumed legislation.

¹ This includes the impact of legislation (Chapter 8, Laws of 2019) enacted prior to the adoption of the March revenue forecast.

Selected larger 2019-21 NGF-O policy level items by functional area

K-12 Public Schools

- \$453 million increase for school employee health benefits.
- \$77 million increase for Local Effort Assistance (LEA).
- \$69 million increase for special education.

Higher Education

- \$45 million increase in increased state support for compensation and related expenses.
- \$25 million increase to maintain the State Need Grant.
- \$12 million increase for the Opportunity Scholarship.
- \$11 million increase for Spokane medical education (WSU).
- \$390 million in appropriations from a dedicated revenue source (all contained in H-2458) to support additional enrollments, student supports, career connected learning, expansion of the Washington College Grant (formerly the State Need Grant), and several other items.

Children, Youth and Families

- \$53 million for the Family Child Care collective bargaining agreement.
- \$38 million increase for a rate increase and expansion of ECEAP services.
- \$25 million increase for childcare center rate increases.
- \$18 million increase for BRS providers.
- Savings of \$57 million by increasing the use of federal funds for certain activities.

Health Care

- \$80 million increase to restore previously assumed savings that have not materialized.
- \$50 million increase from an assumed 2% increase in managed care rates in CY 20 and CY 21.
- \$23 million increase in public health related funding.
- \$9 million in savings from continuing to utilize I-502 for low-income health care.

Behavioral Health

- \$137 million for increased community based capacity, programs, and rates.
- \$122 million increase for state hospital operations and safety improvements.
- \$76 million increase for a settlement in the Trueblood litigation.
- \$35 million in savings (\$75 million including the supplemental) related to BHO reserves.
- \$96 million in savings from Trueblood related fines (offsets a \$96 million increase provided in maintenance level).
- \$16 million increase for substance abuse related items.

Long-Term Care and Services for Developmentally Disabled Persons

- \$95 million increase for home care workers (collective bargaining agreement with parity for agency providers).
- \$62 million for community residential providers for individuals with developmental disabilities.
- \$38 million increase for adult family homes (collective bargaining agreement).

- \$17 million in start-up costs for a new Long Term Services and Supports program.
- \$15 million increase for Residential Habilitation Centers.

Other Items

- \$438 million increase for state and higher education employee and bargained non-employee compensation changes.
- \$68 million in increased funding for natural resources.
- \$53 million increase in central services, including self-insurance premiums.
- \$38 million increase for debt service.
- \$36 million increase for work releases and operation of recently completed capital projects in state correctional facilities.
- \$29 million increase for judicial agencies and programs.
- \$38 million increase for homelessness related programs including Housing and Essential Needs (HEN).
- \$50 million savings by suspending the Local Public Safety Account deposit.

This document provides additional detail on these and other items.

2019-21 NGF-O ending fund balance and the four-year outlook

PSHB 1109 and related bills leave a projected ending fund balance for the 2019-21 biennium of \$209 million in NGF-O accounts and another \$2.45 billion in the Budget Stabilization Account (BSA).

Under the provisions of the four year outlook (Chapter 8, Laws of 2012), PSHB 1109 is projected to end the 2021-23 biennium with \$104 million in NGF-O ending fund balance and \$3.16 billion in the Budget Stabilization Account.

Revenue Legislation Impacting the Balance Sheet and Outlook

Capital Gains/Real Estate Excise Tax (REET)

Assumed legislation (H-2475) would enact a capital gains tax and modify the REET tax rates based on the sale price of the property.

Business and Occupation Tax Preferences

Assumed legislation (H-2440) would remove the preferential rate for bullion dealers, travel agents and tour operators, and would replace the out-of-state sales tax exemption with a mechanism allowing for refunds.

Business and Occupation/Higher Education

Assumed legislation (H-2458) would increase the B&O tax rate for certain categories of business, dedicate those funds to higher education, and make specific appropriations from the new account.

Other

A listing of other legislation impacting revenues is included later in this summary document.

Additional Information

Additional Information Regarding PSHB 1109

This information is provided in explanation of Proposed Substitute House Bill 1109 offered by Representative Ormsby. The proposed substitute bill is the 2019-21 biennial budget and also makes supplemental changes to the 2017-19 biennial budget.

The proposed substitute 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 (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, Health Care Authority, Department of Children, Youth, and Families as well as K-12 Public Schools);
- A detailed four-year budget outlook; and
- Supporting schedules referenced in the budget.

Additional Information About This Summary Document

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

This summary document includes:

- A brief summary;
- A balance sheet and supporting materials;
- 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.

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.

2019-21 Omnibus Operating Budget

PSHB 1109 (H-2531) by Rep. Ormsby

(Dollars In Thousands)

	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
<i>State Employee Compensation (Excl. Higher Ed.)</i>			
Rep: Salaries & Wages	272,322	450,351	602,981
Non-Rep: Salaries & Wages	78,098	164,269	179,217
Medicare-eligible Retiree Subsidy (Incl. K-12 and H. Ed)	12,716	17,005	31,572
Other Increases	1,064	9,825	2,119
Non-Rep: Employee Benefits	-2,825	-5,737	7,907
Rep: Employee Benefits	-9,024	-15,692	25,352
<i>State Employee Compensation (Excl. Higher Ed.) Total</i>	352,351	620,021	849,148
<i>K-12 Education</i>			
K-12: SEBB	453,372	473,446	1,103,783
Local Effort Assistance	77,122	77,122	221,280
Special Education	69,673	69,673	152,562
Other Increases	16,203	16,193	27,825
Paraeducator Training	12,001	12,001	35,967
Student Mental Health & Safety	5,362	5,362	10,724
Core Plus Expansion	3,354	3,354	6,508
Other IT & Related Items	2,800	2,800	2,909
Remove Forest Revenue Deduction	2,670	2,670	2,670
Guidance Counselor Targeted Schools	1,813	1,813	3,951
Other Savings	-750	-750	-800
<i>K-12 Education Total</i>	643,620	663,684	1,567,378
<i>Higher Education Institutions (Incl Employee Comp)</i>			
Non-Rep: Salaries & Wages	106,842	284,490	244,394
Higher Ed: Additional GFS Suppt For Comp.	45,131	45,131	99,545
Rep: Salaries & Wages	23,780	94,344	54,104
Medical School - Completion Funding	10,800	17,358	25,222
UW Hospital Support	10,000	10,000	20,015
UW Specific Wage Increase	7,185	69,336	16,781
Other Increases	7,079	7,320	12,332
Capital Project Operating Costs	4,140	4,140	12,176
Rep: Employee Benefits	-1,437	-5,270	4,037
Non-Rep: Employee Benefits	-5,453	-15,702	15,263
Remove Compensation Double Counts	-32,561	-49,681	-75,689
<i>Higher Education Institutions (Incl Employee Comp) Total</i>	175,506	461,466	428,179
<i>Higher Education Financial Aid</i>			
Maintain State Need Grant	25,100	25,100	76,385
Opportunity Scholarship State Match	12,000	12,000	12,000
Other Increases	4,882	4,882	9,593
<i>Higher Education Financial Aid Total</i>	41,982	41,982	97,978
<i>Higher Education (Appropriations Made in Other Legis.)</i>			
Fin Aid: Wa. College Grant	0	152,886	0

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Fin Aid: Expand Eligibility for Wa. Coll. Grant	0	65,757	0
CTC: Guided Pathways	0	55,124	0
CTC: Nurse Educator Salaries	0	40,800	0
CTC: Faculty Salaries	0	20,000	0
High Demand & STEM Enrollments	0	19,943	0
Career Connected Learning/Programs	0	16,500	0
Fin Aid: New Student Loan Program	0	10,000	0
Four Year: Student Support Programs	0	4,316	0
Child Care/Student Parents	0	4,241	0
Higher Education (From Dedicated Funding Source) Total	0	389,567	0
Health Care			
Healthier WA Savings Restoration	54,954	120,576	109,464
Managed Care CY 2020 & 2021 (2%)	50,489	163,555	130,012
Public Health	22,750	23,100	44,826
Restore Pharmacy Savings	14,245	49,722	28,871
Dental Savings Restoration	11,262	29,353	21,576
Program Cost Shift	11,140	0	11,281
Other Increases	9,663	48,812	15,191
All Payers Claims Database	4,811	4,811	9,205
Rates: Medically Intensive Childrens Prog	2,881	5,766	6,902
Non-Employee CBA: Language Access Providers	531	1,328	1,055
Other IT & Related Items	323	14,849	65
Maintain Hospital Safety Net	0	0	-292,000
Other Savings	-1,376	-4,760	-2,812
Low Income Health Care/I-502	-9,241	0	-46,070
Health Care Total	172,432	457,112	37,565
Behavioral Health			
State Hospital Operations	90,078	90,078	183,649
Trueblood Settlement	76,224	79,451	216,123
Community Long-Term Inpatient Beds	42,756	65,610	106,625
Residential Bed Expansion	37,927	69,725	135,889
State Hospital Safety Initiatives	32,030	32,030	64,909
Other Increases	17,505	19,254	37,973
SUD Enhancements	15,858	36,491	35,942
Intensive Community Treatment Services	8,837	27,352	19,872
Rates: Other Provider Increases	5,707	15,809	12,072
Other IT & Related Items	4,884	6,302	5,650
Ross Lawsuit	3,948	3,948	8,100
Special Commitment Center (SCC)	2,625	2,625	5,140
CSTC - New Cottage Operating Costs	1,601	2,135	6,083
Behavioral Health Grants	0	45,111	0
University of Washington LT Beds	0	0	23,183
State Operated Community Facilities	0	0	9,566
Civil Ward Closure	0	0	-59,001

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Program Cost Shift	-2,642	0	-5,664
BHO Reserve Savings	-35,000	-61,000	-35,000
Trueblood Fines	-96,000	-96,000	-192,000
Behavioral Health Total	206,338	338,921	579,111
 Long Term Care & DD			
Rates: Home Care Workers (CBA & AP Parity)	95,156	216,414	243,312
Rates: Community Residential (DD)	62,176	123,152	150,201
Rates: Adult Family Homes (CBA)	37,577	84,411	81,357
Rates: Other Provider Increases	17,751	38,594	40,097
Long Term Care Supports/Trust	16,795	16,795	16,795
RHC Related Items	14,524	28,347	22,449
Increase In-Home PNA	10,868	24,687	22,479
Complete 47 SOLA Placements	6,388	12,634	16,905
Electronic Visit Verification	5,657	12,915	11,709
Community Respite Beds	3,245	3,643	6,608
Other Increases	2,450	20,186	4,205
Facility Related Items	1,538	2,903	1,498
High School Transition Students	1,117	2,016	3,260
Medicaid Transformation Waiver	0	30,975	0
Supported Living Investigators	-2,330	9,058	-4,776
Update Facility Definition - APS	-10,714	-15,641	-21,676
Long Term Care & DD Total	262,198	611,089	594,422
 Corrections and Other Criminal Justice			
Capital Project Operating Costs	20,591	20,591	44,741
Other Increases	16,587	23,376	27,864
Work Release Expansion	15,245	15,245	36,009
Sexual Assault Examination Kits	11,042	11,042	20,552
DOC Custody & Non-Custody Staffing	6,932	6,932	12,312
Other IT & Related Items	4,579	6,371	5,798
Basic Law Enforcement Academy	4,517	6,442	4,517
DOC: Health Care Cost	4,000	4,000	8,080
Violator Bed Rate Increase	3,880	3,880	9,103
BAR unit staffing	3,679	3,679	7,108
Corrections and Other Criminal Justice Total	91,052	101,558	176,084
 Children, Youth, & Families			
Non-Employee CBA: Family Child Care Providers	52,849	52,849	115,145
Child Care Centers Rate Increase	24,562	24,964	49,327
ECEAP: Expansion	22,971	22,971	43,252
BRS Rate Increase	17,700	27,800	35,612
ECEAP: Rates	14,913	14,913	31,019
Other Increases	11,982	20,931	17,750
Early Achievers	8,475	8,475	16,816
JR Facility Staffing	7,256	7,256	14,558

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(Dollars In Thousands)

	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
ECLIPSE	4,304	4,304	8,635
Home Visiting	3,779	8,278	8,849
JRA Until Age 25	3,149	3,149	7,852
Facility Related Items	2,709	4,513	4,611
Other IT & Related Items	1,397	2,794	1,866
WCCC Student Parents	1,387	1,387	6,201
Non-Employee CBA: Language Access Providers	10	26	20
Family First Prevention Services	0	7,586	0
Other Savings	-667	-667	-1,472
Program Cost Shift	-57,418	0	-57,418
<i>Children, Youth, & Families Total</i>	119,358	211,529	302,623
<i>Other Human Services</i>			
Homelessness	24,978	29,567	46,082
Housing & Essential Needs	12,700	12,700	25,380
Other Increases	7,775	33,116	8,662
Crime Victims Provider Rates	6,768	6,768	10,978
WDVA: Revenue Shortfall	5,110	5,110	5,110
Buildable Lands Program	4,305	4,305	4,305
TANF Program Policies	2,737	2,737	4,119
Non-Employee CBA: Language Access Providers	94	236	188
Other IT & Related Items	0	92,251	0
Other Savings	-951	-1,438	-1,937
<i>Other Human Services Total</i>	63,516	185,352	102,887
<i>Natural Resources</i>			
Fish & Wildlife	21,470	23,865	24,797
Increase Fire Response Capability	12,600	12,600	19,860
Program Cost Shift	12,250	0	12,250
Other Increases	7,830	14,946	11,058
Parks Operations	5,000	10,000	10,032
Dept. of Ecology	4,558	18,658	8,817
Parks: Increases	2,491	3,034	2,948
Low Carbon Fuels	1,747	1,897	2,049
Other IT & Related Items	1,471	4,719	2,248
Disaster & Wildfire Preparedness/Response	0	118,215	0
Other Savings	-824	-11,175	-2,390
<i>Natural Resources Total</i>	68,593	196,759	91,668
<i>All Other Policy Changes</i>			
Debt Service on New Projects	37,545	37,545	413,265
Central Services: Self Insurance	27,638	41,265	55,436
Central Services: All Other	25,265	86,647	51,775
Other Increases	16,838	63,974	23,650
Judicial: All Other Increases	16,123	16,123	35,132
Judicial: Vendor Rates	12,456	12,456	27,527

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(Dollars In Thousands)

	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
2020 Census Promotion	11,990	11,990	11,990
2019 Revenue Legislation	10,954	10,954	19,691
Broadband	9,236	13,196	9,236
Program Cost Shift	5,608	0	11,251
Clean Energy & Buildings	5,527	5,857	12,637
Prepaid Postage/Elections	4,823	4,823	9,113
Other IT & Related Items	4,433	69,334	7,850
Cancer Research Endowment	3,000	3,000	3,000
Immigration & Naturalization Related	2,350	2,350	4,406
Judicial: IT & Related	0	25,808	0
One Washington (IT Project)	0	18,562	0
Federal Funding for Legal Services	-11,279	1	-22,630
Pension Funding Stabilization Acct	-13,855	0	-13,855
Local Public Safety Account	-50,000	-50,000	-100,000
All Other Policy Changes Total	118,652	373,885	559,474
Grand Total	<u>2,315,598</u>	<u>4,652,925</u>	<u>5,386,517</u>

NGF-O = GF-S + ELT + OpPath

K-12 EDUCATION

PUBLIC SCHOOLS

Increases

School Employee Health Benefits (\$425.7 million NGF-O; \$1,116.3 million 4-year NGF-O total)

Funding is provided for implementation of the School Employee's Benefits Board insurance program beginning January 1, 2020. The insurance funding rate is \$1,079 per employee per month for fiscal year 2020 and \$1,106 per employee per month for fiscal year 2021. The amount includes benefits factors for state allocated classified staff (1.43) and certificated staff (1.02). Also included is a decrease in the rate assumed prior to SEBB (July 1, 2019 to December 31, 2019) from a rate of \$971 to \$938. Increased retiree remittance allocations are also provided to school districts as part of an increase to the Medicare-eligible retiree subsidy beginning January 1, 2020. Increases shown in in the Compensation Adjustments section of the budget also include the impacts of increased benefits on Special Education, Transitional Bilingual, and other programs.

Special Education and Institutions (\$71.9 million NGF-O, \$157.4 million 4-year NGF-O total)

Funding is provided to increase the excess cost multiplier for special education students to 0.9925 from 0.9609. Also, funding is provided to institutional education programs to support students with unique educational needs and for student records coordinators in each of the three districts that include long-term residential schools under the Department of Children, Youth and Family Services to manage the transmission of academic records with residential schools.

Local Effort Assistance and Enrichment Levies (\$71.2 million NGF-O, \$221.3 million 4-year NGF-O total)

Funding is provided for increased Local Effort Assistance (LEA) payments beginning in calendar year 2020, related to the levy and LEA changes in Proposed Substitute House Bill 2140 (K-12 education funding). LEA funding is 10 percent of the state and federal levy base for districts with less than 75 percent of enrollment qualifying for free and reduced-price meals, and 12 percent for districts above 75 percent. The bill changes levy authority to either 20 percent of the state and federal levy base or the lesser of \$3,000 per pupil or \$1.50 per \$1,000 of assessed value.

Professional Development for Paraeducators (\$12.0 million NGF-O; \$36.0 million 4-year NGF-O total)

Funding is provided for two days of comprehensive paraeducator professional development each school year, beginning in the 2019-2020 school year, as required by proposed Substitute House Bill 2140 (K-12 education funding).

Student Mental Health and Safety (\$5.4 million NGF-O; \$10.7 million 4-year NGF-O total)

Funding is provided for each educational service district to establish a Regional School Safety Center and for the Office of the Superintendent of Public Instruction to monitor certain safety-related programs and plans.

Expansion of High-Skilled Program Grants (\$3.4 million NGF-O; \$6.5 million 4-year NGF-O total)

Funding is provided to expand the current grant program for secondary career and technical education to include support for the maritime and construction industries, in addition to the current funding for aerospace programs.

Center for Childhood Deafness and Hearing Loss Statewide Outreach (\$1.6 million NGF-O; \$3.4 million 4-year NGF-O total)

Funding is provided to support the current statewide outreach program administered by the Center for Childhood Deafness and Hearing Loss.

Reorganizing Current K-12 Statewide Programs

Office of the Superintendent of Public Instruction and Statewide Programs (net zero)

\$3.2 million NGF-O is transferred from the Criminal Justice Training Commission and the Education Reform and Special Education programs in Office of the Superintendent of Public Instruction (OSPI) to OSPI's Statewide Programs. Transferred programs include the Reading Corps, Financial Education Partnership, staff to support the Safety Net Committee, and the School Safety Academy and Website.

State Board of Education (net zero)

The State Board of Education and related funding is moved from the Office of the Superintendent of Public Instruction's Statewide Programs to its own program in OSPI.

Professional Educator Standards Board (net zero)

The Professional Educators Standards Board and related funding is moved from the Office of the Superintendent of Public Instruction's Statewide Programs to its own program in OSPI. \$3.3 million NGF-O is transferred from the Professional Educator Standards Board to the Washington Student Achievement Council for various conditional scholarship programs, as required by Engrossed Second Substitute House Bill 1139 (educator workforce supply).

Grants and Pass-Through Funding (net zero)

\$42.3 million NGF-O is transferred from the Office of the Superintendent of Public Instruction's Statewide Programs, \$13.1 million is transferred from the Education Reform program, and \$170,000 is transferred from the Highly Capable program to the new Grants and Pass-Through Funding program in OSPI. Transferred programs include grants for dual credit, dual language, STEM education, mentoring, and applied learning programs.

HIGHER EDUCATION

FINANCIAL AID

Increases

State Need Grant (\$25.1 million NGF-O; \$76.4 million 4-year NGF-O total)

Funding is provided to maintain the State Need Grant (SNG) at current service levels in the 2019-21 biennium. It is intended to hold SNG awards harmless from tuition and fee increases and changes in college attendance among students served by SNG.

Opportunity Scholarship (\$12 million NGF-O one-time)

Funding is provided to match estimated private donations for the Washington State Opportunity Scholarship program (WSOS). The program is a public-private partnership providing scholarships to low- and middle-income students who have received their high school diploma or GED in Washington State and are pursuing a four-year degree in science, math, technology, engineering, or health care.

OTHER

Increases

Compensation and Central Services Support (\$45.1 million NGF-O; \$99.6 million 4-year NGF-O total)

Funding is provided for additional support for operating costs in higher education institutions, including compensation and central services.

Medical Education (\$22.8 million NGF-O; \$49.2 million 4-year NGF-O total)

Funding is provided to the Washington State University Elson S. Floyd College of Medicine to complete funding for 240 students (\$10.8 million). Funding is provided to support the operations and teaching mission of the Harborview Medical Center and the University of Washington Medical Center (\$10 million). Funding is provided to the University of Washington School of Dentistry to support its operations (\$2 million).

Capital Project Operating Costs (\$4.1 million NGF-O; \$12.2 million 4-year NGF-O total)

Funding is provided for operations and maintenance of new facilities that will be partially or fully completed during the 2019-21 biennium. Funding covers utilities, custodial, and routine maintenance.

APPROPRIATIONS IN OTHER LEGISLATION - WORKFORCE EDUCATION INITIATIVE

Increases

Financial Aid (\$248.7 million in Workforce Education Investment Account)

The State Need Grant is replaced by the Washington College Grant (WCG). Funding is provided to reduce the WCG waitlist by half in the 2019-20 academic year and eliminate the waitlist in the 2020-21 academic year. Funding is included to expand the income eligibility of the WCG to 100 percent median family income in the 2020-21 academic year. Funding is also provided for the Washington State Student Loan Program which provides interest rates for loans to be set at one percent (\$5 million).

Salaries (\$60.8 million in Workforce Education Investment Account)

Funding is provided for nurse educator salaries and other high-demand faculty salaries.

Student Supports (\$59.4 million in Workforce Education Investment Account)

Funding is provided to implement Guided Pathways at all 34 community and technical colleges by the end of 2019-21 biennium. Guided Pathways is a program designed to improve student success, redesign academic programs, and expand academic advising and support services. Funding is also provided for student supports such as mental health counseling and academic advisors at other institutions of higher education.

STEM and Other Enrollments (\$19.9 million in Workforce Education Investment Account)

Funding is provided for science, technology, engineering, and math enrollments at institutions of higher education. Funding is also provided for other high-demand enrollments such as teaching and psychology.

Career Connected Learning Programs (\$16.5 million in Workforce Education Investment Account)

Funding is provided for a competitive grant program. Eligible grant recipients include program intermediaries, who partner with multiple sectors such as employers, labor, and educational institutions, and regional career connected learning networks. Funding is also provided for other Career Connected Learning initiatives at schools and community and technical colleges.

Working Connections Child Care for Student Parents (\$4.2 million in Workforce Education Investment Account)

Beginning August 1, 2020, HB ____ (H-2458, workforce education initiative), allows full-time students that are single parents and pursuing a professional or technical degree at a community or technical college to not have to work in order to receive Working Connections Child Care (WCCC) subsidy benefits. Funding is included for the increased WCCC caseload and staffing levels.

EARLY LEARNING & CHILD CARE

Increases

Family Child Care Collective Bargaining Agreement (\$52.8 million NGF-O; \$115.1 million 4-year NGF-O total)

Consistent with the 2019-21 Collective Bargaining Agreement (CBA) with the Service Employees Union International 925, funding is provided for base rate and tiered reimbursement rate increases for licensed family home providers; hourly wage rate increases for Family, Friend, and Neighbor providers; removing the cap on the non-standard hours bonus; a \$500 per provider increase to the quality improvement awards; increased access to the substitute pool; additional training needs; and increased health care premium coverage.

Child Care Center Rate Increase (\$24.6 million NGF-O; \$86.2 million Federal; \$49.3 million 4-year NGF-O total)

Funding is provided to bring child care center rates to the 55th percentile of the market, based on the 2018 child care market survey, once subsidy providers reach level 3 in the Early Achievers program. The tiered reimbursement increases provided to child care center providers serving subsidy children and participating in Early Achievers is increased from 4 to 8 percent at level 3, from 10 to 15 percent at level 4 and from 15 to 20 percent at level 5.

Early Childhood and Education Assistance Program (ECEAP) Expansion (\$23 million NGF-O; \$72.4 million 4-year NGF-O total)

The ECEAP program provides preschool and wrap-around services to low-income 3 and 4 year olds. Funding is provided for 637 ECEAP slots in FY 2020 and 828 ECEAP slots in FY 2021, for a total of 1,464 new slots. Twenty percent of the slots are funded for three hours, 70 percent of the slots are funded for six hours, and 10 percent of the slots are funded for ten hours. An additional 2,173 slots are provided in FY 2023 when ECEAP becomes an entitlement for eligible children.

ECEAP Rate Increase (\$14.9 million NGF-O; \$31 million 4-year NGF-O total)

Funding is provided for an across the board 6 percent slot rate increase in the ECEAP program effective July 1, 2019.

Early Achievers (\$8.4 million NGF-O; \$16.6 million 4-year NGF-O total)

Subsidized child care providers are required to rate, or attempt to rate, in the Early Achievers quality rating and improvement system at a level 3 or above by December 2019. Funding is provided for the increased demand for coaching and scholarships. Funding is also provided to implement Engrossed Second Substitute House Bill 1391 (Early Achievers program), which includes various recommendations of the Joint Select Committee on the Early Achievers program including revising rating levels, deadlines and requirements, providing trauma informed care training, convening a cost of child care regulations work group and submitting various reports.

ECLIPSE (\$4.3 million NGF-O; \$8.6 million 4-year NGF-O total)

Funding is provided to continue delivering the Early Childhood Intervention Prevention Services (ECLIPSE) program and replace the federal Medicaid dollars, which were disallowed in 2014. The ECLIPSE program provides early intervention and treatment for children exposed to environmental, familial, and biological risk factors that impact development, behavior, and mental health.

Working Connections Child Care for Student Parents (\$1.4 million NGF-O; \$6.2 million 4-year NGF-O total)

Beginning August 1, 2020, Second Substitute House Bill 1303 (Child care/higher education) allows full-time students pursuing a certificate in nursing, early childhood education, a mental health profession, or paraeducation to not have to work in order to receive Working Connections Child Care (WCCC) subsidy benefits. Funding is provided for the increased WCCC caseload, staffing, and IT enhancements.

Savings

One-time Fund Shift (-\$57.4 million NGF-O; \$57.4 million federal Child Care Development Fund)

There is a one-time reduction of General Fund-State that will be offset by using increased federal Child Care Development Funds.

DEPARTMENT OF SOCIAL & HEALTH SERVICES

LONG TERM CARE & DEVELOPMENTAL DISABILITIES

Increases

Vendor Rate Increases (\$212.7 million NGF-O; \$249.9 million Federal; \$515 million 4-year NGF-O total)

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

Residential Habilitation Centers (RHC) Compliance & Resident Transitions (\$21.1 million NGF-O; \$20.3 million Federal; \$46.0 million 4-year NGF-O total)

Funding is provided to address Centers for Medicare and Medicaid Services requirements for RHC Intermediate Care Facilities, and to support the transitions of RHC residents to appropriate settings including State-Operated Living Alternative (SOLA) homes in the community.

Long-Term Services and Supports Program (\$16.8 million NGF-O; \$16.8 million Other Funds; \$16.8 million 4-year NGF-O total)

Funding is provided to the Department of Social and Health Services and Employment Security Department to prepare for implementation of the Long-Term Services and Supports (LTSS) Trust program, pursuant to Second Substitute House Bill 1087 (Long-term services & support). The LTSS Trust program establishes an employee payroll premium, beginning in January 2022, to fund the provision of benefits for eligible individuals beginning January 2025. General Fund-State is appropriated into the LTSS Trust to pay for initial implementation costs, and will be repaid with LTSS Trust revenue.

Increase In-Home Personal Needs Allowance (\$10.9 million NGF-O; \$13.8 million Federal; \$22.5 million 4-year NGF-O total)

Funding is provided to increase the Personal Needs Allowance for aging Medicaid clients receiving in-home personal care services.

Electronic Visit Verification (\$5.7 million NGF-O; \$7.2 million Federal; \$11.7 million 4-year NGF-O total)

Funding is provided for home care agencies to implement electronic visit verification systems that comply with the federal 21st Century Cures Act.

Community Respite Beds (\$3.2 million NGF-O; \$400K Federal; \$6.6 million 4-year NGF-O total)

Funding is provided to expand community respite beds for children and adults with developmental disabilities.

Savings

Supported Living Investigators (-\$2.3 million NGF-O; \$11.4 million other funds; \$4.8 million 4-year NGF-O total)

General Fund-State savings are achieved by refinancing the cost of supported living investigation staff with an annual provider fee, pursuant to House Bill 1421 (Supported living/investigate). Providers will be reimbursed for the fee with federal Medicaid matching funds.

ECONOMIC SERVICES ADMINISTRATION

Increases

Temporary Assistance for Needy Families (TANF) Policy Change (\$3.4 million NGF-O; \$4.1 million 4-year NGF-O total)

Funding is provided for increased TANF and Working Connections Child Care caseloads as a result of Second Substitute House Bill 1603 (economic assistance programs) or, which no longer allows the department to permanently disqualify TANF households that were terminated due to noncompliance sanctions three or more times.

Naturalization Services (\$1 million NGF-O; \$2 million 4-year NGF-O total)

Funding is provided to the Office of Refugee and Immigrant Assistance to expand the capacity of the Naturalization Services Program to help more legal immigrants receiving public assistance to become United States citizens.

BEHAVIORAL HEALTH

TRUEBLOOD

Trueblood Settlement- Community Programs (\$36.0 million NGF-O; \$3.2 million Federal, \$95.1 million 4-year NGF-O)

Funding is provided for community based elements of the settlement agreement under Trueblood, et. al. v. Department of Social and Health Services including implementing provisions related to outpatient restoration, crisis diversion and supports, education and training, and workforce development.

Trueblood Settlement- Competency Restoration Beds (\$30.5 million NGF-O; \$95.1 million 4-year NGF-O)

Funding is provided for increasing the number of competency restoration beds pursuant to the settlement agreement under Trueblood, et. al. v. Department of Social and Health Services. This includes funding for 50 additional competency restoration beds at Eastern State Hospital. Western State Hospital must increase competency restoration capacity by converting 42 civil beds to forensic. In addition, funding is provided to enhance staffing levels in a new forensic residential treatment facility to be opened on the grounds of Western State Hospital. The budget outlook assumes the opening of 60 additional forensic beds at Western State Hospital to be constructed during the 2019-21 biennium and the closure of contracted beds in Yakima and Maple Lane pursuant to the timeframes set out in the settlement agreement.

Trueblood Settlement- Competency Evaluators (\$4.9 million NGF-O; \$10.7 million 4-year NGF-O)

Funding is provided for an additional 13 forensic evaluators in FY 2020 and 18 forensic evaluators in FY 2021 pursuant to the settlement agreement under Trueblood, et. al. v. Department of Social and Health Services.

Trueblood Mental Health Response and CIT Training (\$4.9 million NGF-O; \$15.2 million 4-year NGF-O)

Funding is provided for the Mental Health Field Response Program administered by the Washington Association of Sheriffs and Police Chiefs. Funding is also provided for crisis intervention training for law enforcement officers on patrol duty and for 911 dispatch operators.

STATE HOSPITALS

State Hospital Operations and Safety Initiatives (\$122.8 million NGF-O; \$249.8 million 4-year NGF-O)

Funding is provided to implement a new staffing model at the state hospitals and for a variety of safety initiatives. This includes an increase of over 530 FTE positions at the facilities. In addition to increasing funding for the staffing model, a variety of initiatives are funded to improve care to individuals with intensive behavioral health needs in order to increase patient and staff safety.

System for Integrated Leave, Attendance and Scheduling (\$4.9 million NGF-O; \$1.4 million Federal; \$5.7 million 4-year NGF-O total)

Funding and staff are provided to continue the work on a System for Integrated Leave, Attendance and Scheduling (SILAS) for Western State Hospital.

Ross Settlement (\$3.9 million NGF-O; \$8.1 million 4-year NGF-O)

Funding is provided to implement a compliance plan pursuant to a settlement at the state hospitals. This will increase the resources available to support patients at the state hospitals who were adjudicated not guilty by reason of insanity in participating in activities to prepare for release from the facilities.

Child Study Treatment Center (\$1.6 million NGF-O; \$0.5 million Federal; \$6.1 million 4-year NGF-O)

Funding is provided for staff to operate up to 10 beds in a new cottage at the Child Study and Treatment Center (CSTC). It is assumed that staff will be hired beginning in January 2021 and patients will be admitted beginning in April 2021.

COMMUNITY

Behavioral Health Community Bed Expansion (\$45.2 million NGF-O; \$24.7 million Federal; \$145.5 million 4-year NGF-O)

Funding is provided to expand community capacity to provide behavioral health inpatient and residential treatment services. This includes phasing in funding for community beds which can provide long-term commitment services traditionally provided at the state hospitals. Funding is provided for an increase of 98 beds in hospitals or evaluation and treatment centers by FY 2023 and it is assumed that this will increase to 202 by fiscal year 2023. Two 16-bed state operated evaluation and treatment facilities are assumed to come on line in FY 2023. In addition, funding is provided for intensive behavioral health residential programs and a pilot program providing crisis respite services by mental health peers.

Enhanced Discharge Placements (\$30.2 million NGF-O; \$25.7 million Federal; \$102.6 million 4-year NGF-O)

Funding is provided to prioritize the transition of aging state psychiatric hospital clients to a variety of community settings, including adult family homes, nursing homes, enhanced services facilities, and specialized dementia beds. 592 client placements in the community are funded by the end of FY 2023. Funding is also provided for case management staff at the Area Agencies on Aging to support clients with mental health needs.

Substance Use Disorder Enhancements (\$13.2 million NGF-O; \$74.0 million Federal; \$31.5 million 4-year NGF-O)

Funding is provided for a variety of substance use disorder enhancements including funding for two new 16-bed secure withdrawal management and stabilization facilities as well as a rate increase for existing facilities. Funding is also provided for implementation of substance use disorder peer support services under the Medicaid program. In addition, a variety of increases are provided to enhance treatment and recovery support services for individuals with substance use disorders.

Intensive Community Services (\$8.8 million NGF-O; \$18.5 million Federal; \$19.9 million 4-year NGF-O)

Funding is provided for eight Program of Assertive Community Treatment (PACT) teams statewide. In addition, funding is provided for wraparound services for adults discharging or being diverted from the state psychiatric hospitals into assisted living and other community placements.

Enhanced State-Operated Living Alternatives and Behavioral Health Training Homes (\$6.5 million NGF-O; \$5.1 million Federal; \$29.5 million 4-year NGF-O)

Funding is provided to prioritize the transition of state psychiatric hospital clients who are eligible for Developmental Disability Administration (DDA) services in enhanced SOLAs in the community. 61 enhanced SOLA placements are funded by the end of FY 2023. Funding is also provided to create a six-bed state-operated behavioral health group training home that will serve as a step-down placement for DDA clients following hospital stays.

Behavioral Health and Psychotherapy Rates (\$5.7 million NGF-O; \$10.1 million Federal; \$12.1 million 4-year NGF-O total)

Funding is provided to increase bi-directional behavioral health rates by ten percent for the health and behavior codes and psychotherapy codes that were identified through the stakeholder workgroup process required under Chapter 226, Laws of 2017 (SSB 5779).

Tele-Behavioral Health Call Center (\$3.6 million NGF-O; \$1.6 million Federal; \$9.1 million 4-year NGF-O total)

Funding is provided to create and operate a tele-behavioral health video call center staffed by the University of Washington's Department of Psychiatry and Behavioral Sciences. The center will provide emergency department providers, primary care providers, and county and municipal correctional facility providers with on-demand access to psychiatric and substance use disorder clinical consultation. When clinically appropriate and technically feasible, the clinical consultation may also involve direct assessment of patients using tele-video technology. The center will be available from 8am to 5pm in fiscal year 2020 and 24-hours a day in fiscal year 2021.

Alternatives to Arrest and Jail (\$3.1 million NGF-O; \$4.5 million Federal; \$4.1 million 4-year NGF-O)

Funding is provided for a variety of programs which provide alternatives to arrest and jail for individuals with behavioral health disorders. This includes funding for Second Substitute House Bill 1767 (alternatives to arrest and jail) to create a grant program administered through the Washington Association of Sheriffs and Police Chiefs (WASPC) to support local initiatives to persons who become involved in the criminal justice system and who have substance use disorders and other behavioral health needs. In addition, funding is provided for rural diversion pilot programs and to provide temporary support for the Whatcom County crisis stabilization center.

Behavioral Health Workforce (\$2.2 million NGF-O; \$6.4 million 4-year NGF-O)

Funding is provided for a variety of activities to enhance the behavioral health workforce including an increase in the number of psychiatric residency positions at the University of Washington. In addition, funding is provided for the implementation of E2SHB 1593 (UW behavioral health campus), which creates the Behavioral Health Innovation and Integration campus within the University of Washington School of Medicine (UWSOM) and requires UWSO to create a plan to develop and site a teaching facility that provides inpatient care and workforce training.

Crisis Hotlines (\$1.2 million NGF-O; \$2.3 million 4-year NGF-O)

Funding is provided for the Department of Health's continued partnership with the National Suicide Prevention Lifeline and continued partnership with the Crisis Text Line, which provide real-time crisis support and intervention. The funding will also provide an incentive for two additional call centers to become National Suicide Prevention Lifeline-affiliated crisis centers and respond to increased call volumes from across the state.

Savings

BHO Reserve Savings (-\$35 million NGF-O; -\$26.0 million Federal; -\$35 million 4-year NGF-O)

Effective January 1, 2020, all regions of the state are required to transition to fully integrated physical and behavioral health care, meaning funding for these services will shift from Behavioral Health Organizations (BHOs) to fully integrated managed care contracts. The current BHOs are required to return state and federal Medicaid reserves remaining after termination of their contract, resulting in a one-time savings.

HEALTH CARE

Increases

Savings Restoration (\$80.5 million NGF-O; \$119.2 million General Fund-Federal; \$160 million 4-year NGF-O total)

Funding is provided to restore assumed savings that will not be realized at the levels or within the time-frames originally anticipated. This includes: \$55 million NGF-S for the Healthier Washington Initiative; \$11.3 million NGF-S for reduction in emergency dental use assumed in the transition to managed care dental that did not occur at the levels originally anticipated; and \$14.2 million NGF-S to offset pharmacy savings assumptions associated with moving to a single preferred drug list that have not materialized as projected.

Medically Intensive Children's Program Rate Increase (\$2.9 million NGF-O; \$2.9 million General Fund-Federal; \$6.9 million 4-year NGF-O total)

Funding is provided to increase the rates for skilled nursing performed by registered nurses and licensed practical nurses who provide services to Medically Intensive Children's Program clients by ten percent. This rate increase is for both clients served in their own home and clients served in a group home setting. The rate increase begins on January 1, 2020. Additional amounts are provided for adult clients in the Department of Social and Human Services.

Public Option (\$500,000 NGF-O; \$1.6 million other funds; \$500,000 4-year NGF-O total)

The House passed Engrossed Second Substitute House Bill 1523 (Individual health insurance market), which requires the Health Benefit Exchange to develop standardized health plans and requires the Health Care Authority (HCA) to contract with health carriers to offer standardized qualified health plans through the exchange. It further requires the HCA to develop a plan for premium subsidies for individuals purchasing coverage through the exchange. Funding is provided for actuarial consulting and contract management activities needed to implement E2SHB 1523.

Savings

I-502 Revenue (-\$9.2 million NGF-O; \$9.2 million Dedicated Marijuana Account-State; -\$46 million 4-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. The Health Care Authority will use these tax revenues in lieu of state general fund payments to Medicaid managed care organizations and to community health centers for services provided to Medical Assistance clients.

OTHER HUMAN SERVICES

DEPARTMENT OF HEALTH

Increases

Foundational Public Health (\$22.0 million NGF-O; \$44.1 million 4-year NGF-O total)

Funding is provided for foundational public health services to address communicable disease, environmental health, and assessment and support activities for these areas.

Fruit and Vegetable Incentives (\$2.5 million NGF-O; \$2.5 million 4-year NGF-O)

Funding is provided to establish the Food Insecurity Nutrition Incentives program in the Department of Health to increase access to produce from farmers' markets and grocery stores by patients screened for food insecurity by a health professional and by recipients of Supplemental Nutrition Assistance Benefits.

Lead Testing in Public Schools (\$1.0 million NGF-O; \$1.0 million 4-year NGF-O)

Funding is provided for the Department of Health (DOH) to conduct lead testing in public schools. The DOH must determine which school districts have the highest priority and test those districts first. The DOH must also communicate to parents, educators, school staff and the public regarding the test results and their potential consequences.

AIDS/Community Services (\$18.0 million other funds total)

Funding is provided to allow the Department of Health to continue providing core medical services, case management and support services for people living with HIV/AIDS.

CRIMINAL JUSTICE TRAINING COMMISSION

Law Enforcement and Corrections Officer Training (\$4.5 million NGF-O; \$1.9 million other funds; \$4.5 million 4-year NGF-O total)

Funding is provided for nine additional Basic Law Enforcement Academy classes each fiscal year, increasing the number of classes from 10 to 19, providing training for 270 additional students annually. Funding is also provided for three additional Corrections Officer Academy classes and to corrections officer training from four weeks to six weeks. The additional training will address crisis intervention and mental health awareness, crime scene preservation, de-escalation and defensive tactics, and emotional survival.

DEPARTMENT OF VETERANS AFFAIRS

Revenue Shortfall for Orting and Walla Veterans Homes (\$5.1 million NGF-O; \$5.1 million 4-year NGF-O total)

Funding is provided to meet the revenue shortfalls at the state veterans' skilled nursing facilities in Orting and Walla Walla.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Increases

Behavioral Rehabilitation Services (BRS) Rate Increase (\$17.7 million NGF-O; \$10.1 million Federal; \$35.7 million 4-year NGF-O total)

Funding is provided to increase BRS rates through a setting-based rate system. BRS serves dependent youth with behavioral, mental health, or medical needs that cannot be met in a family foster home placement.

Increased Staffing Levels at Juvenile Rehabilitation Institutions (\$7.3 million NGF-O; \$14.6 million 4-year NGF-O total)

Funding is provided for 50 FTEs to increase the staffing levels at the Juvenile Rehabilitation (JR) institutional facilities, which will lower the resident to staff ratios and increase the level of supervision of JR youth.

Extending Juvenile Court Jurisdiction Until Age 25 (\$3.7 million NGF-O; \$10.1 million 4-year NGF-O total)

Engrossed Second Substitute House Bill 1646 (Juvenile rehabilitation confinement) extends juvenile court jurisdiction (and the maximum age of confinement for individuals convicted in adult court of a crime that was committed while under age 18) from age 21 to 25. Funding is provided for the increased bed utilization and programming for the young adult population staying at Juvenile Rehabilitation (JR) institutions.

DEPARTMENT OF LABOR AND INDUSTRIES

Increases

Crime Victims Compensation Rates (\$6.7 million NGF-O; \$10.9 million 4-year NGF-O total)

The Crime Victims Compensation Program pays certain medical and non-medical benefits for qualifying victims of a crime. Funding is provided to support medical and health care provider payment rates equal to 100 percent of workers' compensation provider payment rates beginning in fiscal year 2020.

Workers' Compensation System Replacement (\$81.9 million other funds)

Funding is provided to begin the Workers' Compensation Replacement Project. The project will replace many of the IT systems that support the Claims and Employer Services Programs.

Program Staff Increases (\$11.1 million other funds)

Funding is provided to increase staffing in the Division of Occupational Safety & Health, the Apprenticeship Program, and the Claims Program. Targeted positions include claim managers, safety and health specialists, industrial hygienists, and apprenticeship consultants.

PUBLIC SAFETY AND THE JUDICIARY

DEPARTMENT OF CORRECTIONS

Increases

Increased Capacity (\$37.9 million NGF-O; \$84.9 million 4-year NGF-O total)

Funding is provided for operating costs related to three capital projects included in the 2017-2019 capital budget: a 128-bed minimum security prison at Maple Lane, a 41-bed expansion at the Ahtanum View work release facility, and additional programming space at the Washington State Penitentiary. Funding is also provided for a 250-bed work release expansion and a contract for 60 beds at the Yakima County Jail.

Health Care Services (\$12.8 million NGF-O; \$24.0 million 4-year NGF-O total)

Funding is provided to cover costs related to health care delivery within the Department of Corrections, including funding to provide additional nursing posts, custody staff, and for the Department to revise its current model for funding direct patient health care for incarcerated individuals. Funding is also provided for additional chemical dependency professionals to complete substance use disorder assessments at reception centers, as well as for additional registered nurses to help support releasing individuals who have medication needs and will require behavioral health services or substance use disorder treatment upon release.

Violator Bed Rate Increases (\$3.9 million NGF-O; \$9.1 million 4-year NGF-O total)

Funding is provided for the Department to negotiate contract rate increases with local and tribal governments for the provision of jail capacity to house offenders who violate the terms of their community supervision.

Security Electronics Network (\$2.0 million NGF-O; \$4.0 million 4-year NGF-O total)

Funding is provided to replace the Coyote Ridge Corrections Center security electronics network (SEN) with a network-based system that provides campus-wide security and safety controls.

WASHINGTON STATE PATROL

Increases

Sexual Assault Examination Kit Testing (\$10.9 million NGF-O; \$20.4 million 4-year NGF-O total)

Funding is provided for an additional 20 FTEs and laboratory equipment to address backlogs in the testing of sexual assault examination kits. This funding will help the State Patrol implement Second Substitute House Bill 1166 (sexual assault) which, among other provisions, establishes deadlines for the submission and testing of sexual assault kits (SAKs).

JUDICIAL PROGRAMS

Increases

Parents Representation Program and Child Permanency (\$14.6 million NGF-O; \$29.3 million 4-year NGF-O total; \$4.3 million other funds)

Funding is provided for a vendor rate increase for state-contracted public defense attorneys representing indigent parents involved in dependency and termination cases. Funding is also provided for an additional 14 Parents Representation contract attorneys and support staff to reduce attorney caseloads.

Funding is also provided for the Office of the Attorney General and Department of Social and Health Services to address an increase in parental rights termination caseload demands.

Civil Justice Reinvestment (\$5.3 million NGF-O; \$14.3 million 4-year NGF-O total)

Funding is provided to expand civil legal aid services statewide by contracting for an additional 10 attorneys. A vendor rate increase is also provided for current attorney and program contracts.

Trail Court Language Access (\$2.2 million NGF-O; \$8.8 million 4-year NGF-O total)

Funding is provided to begin a three-phase statewide expansion of the state Interpreter Reimbursement Program and provide additional testing and training for qualified interpreters.

Judicial Information Systems (\$25.8 million other funds)

Expenditure authority is provided for judicial information technology projects. The Administrative Office of the Courts is directed to manage information technology costs within available resources in the Judicial Information Systems Account.

Savings

Using Federal Funds for Legal Services (-\$11.3 million NGF-O; \$11.3 million Federal; -\$22.6 million 4-year NGF-O total)

Federal appropriation authority is provided to allow for Title IV-E reimbursement on legal services for eligible children and parents in dependency and termination of parental rights proceedings, effective July 1, 2019. The Office of Public Defense and the Office of Civil Legal Aid will partner with the Department of Children, Youth, and Families to receive pass through Title IV-E funds for these services.

NATURAL RESOURCES

Increases

Fish and Wildlife Support (\$15.0 million NGF-O; \$15.0 million 4-year NGF-O total)

The Department of Fish and Wildlife is provided with \$15.0 million to support the agency's operating budget, including a mix of new policy enhancements and current program costs that are not fully supported by revenue in the State Wildlife Account. Additional revenue to the State Wildlife Account in the amount of \$14.3 million is also assumed from increases to hunting and fishing license fees.

Wildfire Suppression (\$12.6 million NGF-O; \$19.9 million 4-year NGF-O total)

The Department of Natural Resources (DNR) is provided \$12.6 million to increase DNR's ability to respond to wildfires, including additional full-time engine leaders, full-time trainers, helicopters, correctional camp firefighting crews, and wildfire prevention education. In the 2019 supplemental budget, DNR is also provided \$49.8 million from General Fund-State and \$26.0 million from other funds for the costs of wildfire suppression that have occurred in fiscal year 2019.

State Parks Support (\$5.0 million NGF-O; \$5.0 Parks Renewal and Stewardship Account; \$10.0 million 4-year NGF-O total)

A total of \$10.0 million in support for the State Parks and Recreation Commission is continued on an ongoing basis. Of this amount, \$5.0 million is provided from General Fund-State and \$5.0 million is provided by directing litter tax revenue into the Parks Renewal and Stewardship Account.

Fund Shifts

Model Toxics Control Act (MTCA) Funding (\$12.0 million NGF-O; -\$12.0 million State Toxics Control Account; \$12.0 million 4-year NGF-O total)

The State Toxics Control Account (STCA) is one of three Model Toxics Control Act (MTCA) accounts used at the Department of Ecology (Ecology) and other state agencies for a variety of environmental work. Over the past several biennia, MTCA funds have replaced General Fund-State (GF-S) funds in several agency budgets to create GF-S savings. In the 2019-21 budget, \$12.0 million of GF-S funding is provided to replace STCA funding at Ecology and create MTCA savings.

GENERAL GOVERNMENT AND OTHER

DEPARTMENT OF COMMERCE

Increases

Reducing Homelessness (\$37.7 million NGF-O; \$3.1 million other funds; \$71.5 million 4-year NGF-O total)

Total funding of \$40.8 million is provided for homelessness-related programs in Department of Commerce (Commerce). Of this funding, an additional \$12.7 million is provided for the Housing and Essential Needs Program (HEN). An additional \$12.4 million is provided for the operating, maintenance, service, and administrative costs of permanent supportive housing projects. The Office of Youth Homelessness is also provided an additional \$9 million for the Anchor Community Initiative and to increase shelter beds, outreach, and housing.

Other General Fund-State increases include grants for emergency shelter services, a low-barrier emergency overnight shelter, a 24/7 shelter, permanent supportive housing facilities, homeless women support, and young adult street outreach. Funding is also provided for a contract with one or more Accountable Communities of Health to work with hospitals and permanent supportive housing providers; and for an initiative to advance affordable housing and education centers on public or tax-exempt land.

Funding from the Manufactured/Mobile Home Park Relocation Fund is increased by \$3.1 million for implementation of Substitute House Bill 1997 (manufactured/mobile homes) and Engrossed Second Substitute House Bill 1033 (mobile home relocation asst.). This funding is provided for the new Relocation Coordination Program and for Commerce to distribute financial grants for eligible manufactured/mobile home park tenants through the Mobile and Manufactured Home Relocation Assistance Program.

Clean Energy and Buildings (\$4.1 million NGF-O; \$10.5 million 4-year NGF-O total)

Total funding of \$4.1 million is provided for energy-related programs in Commerce. Of this funding, \$2 million is provided to help Commerce's Energy Office provide long-term planning, advanced analytics, emergency response support, community technical assistance, and develop net-zero energy codes for buildings, among other activities. Funding of \$2 million is provided to implement Third Substitute House Bill 1257 (energy efficiency), which directs Commerce to establish by rule a state energy performance standard for covered commercial buildings by July 1, 2020. The bill also creates an incentive program to encourage energy efficiency in all aspects of new and existing buildings; and requires Commerce to report on the program's effectiveness every two years. Other funding is provided for Commerce to convene a workgroup to make recommendations for green economic development investment opportunities.

OFFICE OF FINANCIAL MANAGEMENT

Increases

2020 Census Promotion (\$12.0 million NGF-O; \$12.0 million 4-year NGF-O total)

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

One Washington Program (\$18.6 million IT Systems Development Revolving Account)

Funding is provided to continue readiness activities for the One Washington program to integrate a cloud-based Enterprise Resource Planning (ERP) solution that provides finance, procurement, budget, and human resources/payroll services.

Transfers

Enterprise Applications (No net change)

Funding is transferred from Consolidated Technology Services (WaTech) to the Office of Financial Management for staff and costs related to the state's enterprise applications.

OFFICE OF THE SECRETARY OF STATE

Prepaid Postage (\$4.8 million NGF-O; \$9.1 million 4-year NGF-O)

Funding is provided for prepaid postage on all return envelopes for election ballots to improve access to voting for Washington citizens.

Administration of Public Records Requests (\$1.2 million other funds; \$1.2 million total)

Funding is provided for the Office of the Secretary of State to provide consultation and training services to local jurisdictions regarding requests made pursuant to the Public Records Act.

OFFICE OF THE STATE AUDITOR

Cybersecurity Performance Audit (\$2.8 million other funds; \$2.8 million total)

Funding is provided for additional FTEs for the Office of the State Auditor to conduct cybersecurity audits for state agencies and local governments to assess security controls within agencies and to identify weaknesses in their security posture.

CONSOLIDATED TECHNOLOGY SERVICES (CTS)

Increases

State Data Center (\$3.1 million CTS Revolving Account)

Funding is provided to cover the cost of WaTech's operation of the State Data Center. Current revenues from agency customers do not cover the cost of operations.

LIQUOR AND CANNABIS BOARD

Increases

Modernization and Regulatory systems (\$9.9 million other funds)

Funding is provided to continue replacement of older regulatory systems. This is expected to increase the efficiency of operations and reduce risks associated with the current manual, paper-based licensing, enforcement, and fee collection processes.

Cannabis Enforcement and Licensing (\$3.0 million other funds)

Funding is provided for additional FTEs for cannabis enforcement and licensing activities. There is continued growth in cannabis licenses.

MILITARY DEPARTMENT

Increases

Disaster Response Account (\$118.2 million other funds)

Disaster Response Account expenditure authority of \$118.2 million is provided for the Military Department to continue managing recovery projects for seven open presidentially-declared disasters, including completion of ongoing state, local and tribal infrastructure projects.

Enhanced 911/Next Generation (\$10.0 million other funds)

Expenditure authority from the Enhanced 911 Account-State is provided to finish the transition and operation of the new network, which provides advanced capabilities including text to 911, improved location accuracy, and the ability to transmit data and video.

DEPARTMENT OF LICENSING

Increases

Replace Firearms System (\$4 million NGF-O; \$4.4 million 4-year NGF-O total)

Funding is provided to replace the Firearms computer system. The Department uses the Firearms system to maintain records of license and pistol transfer applications submitted by law enforcement agencies and firearms dealers.

DEPARTMENT OF REVENUE

Increases

2019 Revenue Legislation (\$11.0 million NGF-O)

Funding is provided for the estimated cost of legislation impacting revenue.

STATE TREASURER

Increases

Debt Service (\$37.5 million NGF-O)

Funding is provided for the estimated debt service for a 2019-21 Capital budget.

STATE EMPLOYEE COMPENSATION

Increases

State Employee Collective Bargaining Agreements (\$296.1 million NGF-O; \$248.6 million other funds; \$657.1 million 4-year NGF-O total)

Collective bargaining agreements between state agencies and higher education institutions and employee bargaining units are approved, and funding is provided for them. Employee bargaining unit agreements that are approved include those represented by the Washington Federation of State Employees, the Service Employees' International Union, the Teamsters', the Washington Public Employees' Association, the Coalition of Unions, and others. Approval and funding is provided for the bargaining agreement reached between the University of Washington and the Washington Federation of State employees and ratified after the normal October 1st statutory deadline. Many of the collective bargaining agreements contain general salary increases of 3 percent on July 1, 2020 and July 1, 2020, class-specific adjustments, premium pay adjustments, though some contain other or different terms that are generally described in the budget. Each are approved and funded according to the terms negotiated. Funding is not provided for contingent provisions in agreements negotiated by the University of Washington that require the state to provide a permanent non-university source of funds, although those agreements are otherwise approved.

Non-Represented Employee Compensation Increases (\$169.4 million NGF-O; \$168.1 million other funds; \$388.1 million 4-year NGF-O total)

Funding is provided for non-represented state agency and higher education institution employee compensation increases. For most agencies and higher education institutions, funding is provided for general salary increases of 3 percent on July 1, 2019, and on July 1, 2020. Funding is also provided for premium pay adjustments, salary schedule revisions, and targeted pay increases.

University of Washington Non-Represented and Contingent Wage Increases (\$20.1 million NGF-O; \$156.6 million other funds; \$46.9 million 4-year NGF-O total)

Funding is provided for a 3 percent salary increase on July 1, 2019 and July 1, 2020 for non-represented employees of the University of Washington. The increase is provided in two items: the first item provides 2 percent increases on July 1, 2019 and July 1, 2020 to non-represented employees, the second provides an additional contingent 1 percent increase on July 1, 2019 and July 1, 2020 to all represented and non-represented employees. This additional increase is provided from all University of Washington Funds, and the whole amount is contingent on the negotiation of an addendum to the collective bargaining agreements to provide the 1 percent increases to represented employees.

State Employee Health Benefits (\$46.8 million NGF-O; \$59.8 million other funds; \$185.9 million 4-year NGF-O total)

Funding is provided to increase state employee health benefit funding rates to \$939 in fiscal year 2020, and \$976 in fiscal year 2021. The funding levels are sufficient to support the projected cost of employee benefits negotiated with the state employee bargaining coalition, assuming approximately a five percent rate claims and benefit cost trend. The totals in this section reflect: (1) policy and maintenance level adjustments from the \$916 funding rate from fiscal year 2019, (2) the 2021-23 fiscal biennium impact of the one-time use of approximately \$97 million of surplus employer contributions in fiscal year 2021, and (3) an increase in the Medicare-eligible retiree subsidy from \$168 per month to \$183 per month beginning January 1, 2020.

Savings

Local Public Safety Enhancement Account/LEOFF 2 Benefit Enhancement Fund (-\$50 million NGF-O; -\$100 million 4-year NGF-O total)

Based on of House Bill 2144 (LEOFF 2 Benefit Funding), savings of \$50 million per biennium is recognized from ending transfers from the General Fund to the Local Public Safety Enhancement Account, one half of which is directed by law to the Law Enforcement Officers' and Firefighters' Plan 2 Benefit Enhancement Fund (Benefit Enhancement Fund). In ending the scheduled transfers, House Bill 2144 also transfers \$300 million from the LEOFF 2 pension fund into the Benefit Enhancement Fund, which is an account within the LEOFF 2 pension fund used for future benefit improvements enacted by the Legislature.

2019-21 Omnibus Operating Budget
Proposed Substitute House Bill 1109 (H-2531)

Funds Subject to Outlook

(Dollars in Millions)

	2017-19			2019-21			2021-23		
	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2019-21	FY 2022	FY 2023	2021-23
Beginning Balance	1,149	2,111	1,149	1,690	764	1,690	209	9	209
Current Revenues	22,143	23,964	46,106	24,715	25,840	50,555	27,003	28,218	55,221
March 2019 Revenue Forecast	22,143	23,964	46,106	24,715	25,840	50,555	26,730	27,629	54,358
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	0	0	0	273	589	863
Other Resource Changes	-198	-679	-877	-167	696	529	862	772	1,634
GF-S Transfer to BSA (1%)	-216	-224	-441	-242	-253	-495	-262	-271	-533
GF-S Extraordinary Revenue to BSA	0	-1,760	-1,760	0	0	0	0	0	0
Extraordinary Revenue from BSA to GF-S	0	1,078	1,078	0	0	0	0	0	0
Prior Period Adjustments	91	20	111	20	20	41	20	20	41
CAFR Adjustments	-26	0	-26	0	0	0	0	0	0
Budget Driven Revenue	0	-2	-2	-8	-7	-15	-4	-4	-7
Other Legislation	0	0	0	-90	-93	-183	-74	-78	-152
Revenue Legislation	0	0	0	69	910	979	1,074	1,100	2,173
Fund Transfers	59	208	267	83	120	202	109	5	113
McCleary Penalty Account	-105	0	-105	0	0	0	0	0	0
Total Revenues and Resources	23,094	25,395	46,378	26,238	27,300	52,774	28,075	28,999	57,065
Enacted Appropriations	21,036	23,626	44,661	21,035	23,626	44,661	23,815	24,009	47,824
Carryforward Level Adjustments				3,037	406	3,442	418	424	842
Maintenance Level Total		87	87	664	1,728	2,392	2,575	2,915	5,490
Policy Level Total		135	135	859	1,457	2,316	1,389	1,682	3,071
K-12 Education	0	10	10	68	123	191	138	141	279
SEBB Rate	0	0	0	149	294	443	324	326	650
Low Income Health Care	0	50	50	63	89	152	84	85	169
Hospital Safety Net	0	0	0	0	0	0	-146	-146	-292
Social & Health Services	0	6	6	59	80	139	79	79	157
Trueblood Lawsuit Fines	0	-28	-28	-48	-48	-96	-48	-48	-96
Trueblood Settlement Agreement	0	0	0	33	43	76	69	71	140
Behavioral Health-Other	0	12	12	75	139	214	152	166	318
Higher Education	0	1	1	52	75	127	75	82	157
Corrections	0	12	12	28	36	64	35	35	71
All Other	0	73	73	140	183	324	102	155	257
ECEAP Entitlement	0	0	0	7	16	23	16	4	20
Debt Service	0	0	0	2	36	38	114	262	376
Employee Compensation	0	0	0	160	284	444	286	361	646
Non-Employee CBAs	0	0	0	70	117	186	126	129	255
Utilize I-502 Revenue for Low Income Health Care	0	0	0	1	-10	-9	-15	-22	-37
Reversions	-53	-142	-195	-121	-126	-247	-131	-135	-266
Revised Appropriations	20,983	23,706	44,688	25,474	27,090	52,564	28,065	28,896	56,961
Projected Ending Balance	2,111	1,690	1,690	764	209	209	9	104	104
Budget Stabilization Account									
Beginning Balance	1,638	1,369	1,638	1,835	2,127	1,835	2,450	2,793	2,450
GF-S Transfer to BSA (1%)	216	224	441	242	253	495	262	271	533
GF-S Extraordinary Revenue to BSA	0	1,760	1,760	0	0	0	0	0	0
Extraordinary Revenue from BSA to GF-S	0	-1,078	-1,078	0	0	0	0	0	0
BSA Transfer to Pension Stabilization Acct	-463	-463	-925	0	0	0	0	0	0
Appropriations from BSA	-41	0	-41	0	0	0	0	0	0
Prior Period Adjustments	2	0	2	0	0	0	0	0	0
Interest Earnings	16	23	39	50	69	119	82	96	177
Budget Stabilization Account Ending Balance	1,369	1,835	1,835	2,127	2,450	2,450	2,793	3,160	3,160
Total Reserves	3,480	3,525	3,525	2,891	2,659	2,659	2,803	3,264	3,264

Fund Transfers, Revenue Legislation, and Budget Driven Revenues
Proposed Substitute House Bill 1109 (H-2531)
General Fund-State, Education Legacy Trust, and Opportunity Pathways Accounts
(Dollars in Millions)

	Account	2017-19	2019-21	2021-23
Fund Transfers				
Public Works Assistance Account	ELTA-S	0.000	160.000	132.000
Disaster Response Account	GF-S	0.000	28.000	-28.000
School Employees' Insurance Admin Acct	GF-S	0.000	0.000	13.000
State Treasurers Service Account	GF-S	0.000	9.000	-9.000
Criminal Justice Treatment Account	GF-S	0.000	8.400	8.400
Statewide Tourism Marketing	GF-S	0.000	-3.000	-3.000
SubTotal		0.000	202.400	113.400
Budget Driven Revenue				
Vessel Renewal	GF-S	0.807	1.630	1.630
Lottery	GF-S	-0.003	-1.483	-1.901
Liquor Control Board (Liquor)	GF-S	0.000	-9.359	0.829
Liquor Control Board (Marijuana)	GF-S	-3.014	-5.965	-7.955
SubTotal		-2.210	-15.177	-7.397
Revenue Legislation				
Capital Gains/REET (H-2475)	ELTA-S	0.000	853.017	2,012.483
Capital Gains/REET (H-2475)	GF-S	0.000	57.984	84.817
Tax Preferences (H-2440)	GF-S	0.000	68.333	76.037
SubTotal		0.000	979.334	2,173.337
Other Legislation				
1406 Affordable Housing Sales Tax	GF-S	0.000	-69.000	-73.000
1181 Seniors & Veterans Property Tax	GF-S	0.000	-20.200	-27.300
1839 Arena Projects	GF-S	0.000	-40.635	4.192
1948 Warehouse & Manufact. Jobs	GF-S	0.000	-16.400	-18.000
1483 Behavioral Health/B&O Tax	GF-S	0.000	-18.700	-13.600
1074 Tobacco & Vapor Products/Age	GF-S	0.000	-8.901	-12.077
1053 Feminine Hygiene Sales Tax	GF-S	0.000	-8.084	-9.360
1257 Energy Efficiency	GF-S	0.000	0.000	-3.193
1168 Self-Help Housing Development Taxes	GF-S	0.000	-0.992	-0.992
2024 Medicaid Incentive Payments	GF-S	0.000	-0.271	-0.248
1629 Disabled Veterans Property Taxes	GF-S	0.000	-0.099	-0.132
1997 Manufactured Mobile Homes	GF-S	0.000	-0.063	-0.071
1302 Gambling Self-Exclusion	OPA-S	0.000	-0.105	0.000
1301 Arenas/Leasehold Excise Tax	GF-S	0.000	-0.028	-0.044
1211 Clean Energy	GF-S	0.000	-0.029	-0.034
1001 Service Contract Providers	GF-S	0.000	0.006	0.013
1652 Paint Stewardship	GF-S	0.000	0.325	1.401
SubTotal		0.000	-183.176	-152.445
Grand Total		-2.210	983.381	2,126.895