

WASHINGTON STATE



Ways & Means Committee

2020 SUPPLEMENTAL OPERATING BUDGET

Overview

PROPOSED FINAL

SENATE WAYS & MEANS COMMITTEE
March 2020

<http://www.leg.wa.gov/Senate/Committees/WM/Pages/default.aspx>

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Omnibus Operating Budget Overview

Context

During the 2020 legislative session, the coronavirus (Covid-19) began to spread. At the time the Proposed Final budget is voted upon, the full impacts to public health and the state economy will be unknown. The uncertainty related to Covid-19 has been such that the February 2020 economic, revenue and caseload forecasts have not picked up any potential effects.

Prior to the Covid-19 outbreak, the 2020 Legislature started the 2020 supplemental budget process with an additional \$1.5 billion in Near General Fund - State plus Opportunity Pathways (NGF-O) from revenue forecasts that were higher than expected in the 2019-21 biennium. Over the same time period, the projected costs for continuing current programs and other mandatory cost adjustments increased by \$121 million. These mandatory costs do not include new fiscal or policy-related changes, or any actions related to the Covid-19 virus.

Summary of Proposed Final Budget

The Proposed Final 2020 supplemental budget (Conference Report Engrossed Substitute Senate Bill (ESSB) 6168) increases net new NGF-O spending by \$961 million, or approximately 1.8 percent over the enacted 2019-21 budget. The \$961 million includes the \$121 million in current obligations as discussed above, as well as \$839 million in net new spending. This proposal would bring NGF-O spending to \$53.5 billion (\$102.0 billion total funds) in 2019-21.

In addition to the \$961 million in new spending, the Legislature, through Engrossed House Bill (EHB) 2965, spends \$100 million from the Budget Stabilization Account (Rainy Day Fund) for emergency response efforts related to the Covid-19 outbreak.

The Proposed Final budget also includes the following policy-related spending increases:

- \$172 million in K-12 for special education, local effort assistance hold harmless, pupil transportation and hold harmless, paraeducator training, and other increases;
- \$160 million in housing and homelessness for increased shelter capacity, construction of affordable housing, housing and essential needs, and permanent supportive housing; and
- \$153 million in Children, Youth, and Family (DCYF) for childcare rates and initiatives, placing complex youth, and other increases.

The Proposed Final budget realizes \$71 million in savings from lower-than-expected SEBB rates compared to the enacted budget.

Resource Changes:

The Proposed Final assumes revenue legislation that accounts for a \$18 million net revenue reduction in NGF-O. These bills are itemized in the Revenue section of this document.

The ending fund balance at the end of 2019-21 is projected to be \$918 million and \$3.0 billion in total reserves.

The Four-Year Outlook

The Proposed Final Budget, under the provisions of the four-year budget outlook (Chapter 8, Laws of 2012), is projected to end the 2021-23 biennium with \$859 million in NGF-O ending fund balance and \$3.6 billion in total reserves.

2019-21 Omnibus Operating Budget -- 2020 Supplemental
Proposed Final
Funds Subject to Outlook
(Dollars in Millions)

	2019-21			2021-23		
	FY 2020	FY 2021	2019-21	FY 2022	FY 2023	2021-23
Beginning Balance	1,981	1,934	1,981	918	654	918
Current Revenues	25,874	26,466	52,339	27,657	28,901	56,558
February 2020 Revenue Forecast (NGF-O)	25,874	26,466	52,339	27,388	28,301	55,690
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	268	600	868
Other Resource Changes	-183	-142	-325	-102	-174	-276
GF-S Transfer to BSA (1%)	-248	-258	-505	-267	-276	-542
Prior Period Adjustments	18	20	39	20	20	41
Enacted Fund Transfers	91	118	209	147	68	215
Budget Driven Revenue	-2	-2	-4	1	2	3
Proposed Fund Transfers	-43	-12	-55	-2	16	14
Revenue Legislation	0	-18	-18	-18	-22	-39
Rev Forecast Technical Adjustment	0	9	9	16	17	33
Total Revenues and Resources	27,672	28,257	53,996	28,473	29,381	57,200
Enacted Appropriations	25,571	26,928	52,499	27,789	28,482	56,271
Maintenance Level Total	69	53	121	-169	-172	-341
Policy Level Total	286	553	839	354	353	707
K-12 Education	77	108	185	100	114	214
SEBB Rate	0	-71	-71	-93	-94	-186
Higher Education	-1	22	22	9	8	18
Children, Youth and Families	44	111	156	97	97	194
Low Income Health Care & Comm Behavioral Health	15	16	31	-26	-23	-49
Social & Health Services	17	47	64	143	125	267
Corrections	12	26	38	16	17	33
All Other	122	293	415	109	108	217
Reversions	-187	-195	-382	-155	-141	-297
Revised Appropriations	25,739	27,339	53,078	27,819	28,522	56,341
Projected Ending Balance	1,934	918	918	654	859	859
Budget Stabilization Account						
Beginning Balance	1,618	1,794	1,618	2,079	2,379	2,079
GF-S Transfer to BSA (1%)	248	258	505	267	276	542
Appropriations from BSA	-100	0	-100	0	0	0
Interest Earnings	28	27	55	33	44	77
Budget Stabilization Account Ending Balance	1,794	2,079	2,079	2,379	2,698	2,698
Total Reserves	3,727	2,997	2,997	3,033	3,558	3,558

Functional Areas of Government

K-12 Public Schools

Increases

LOCAL EFFORT ASSISTANCE - \$45.8 MILLION 2019-21

One-time funding is provided for additional Local Effort Assistance (LEA) hold harmless payments to 118 school districts in the 2020 calendar year due to assessed property values above forecast. Statewide, the revised estimates for 2020 assessed property values are 10 percent higher than at the time school district budgets were developed for the 2019-20 school year. The higher-assessed property values result in lower LEA payments than anticipated for some districts. The hold harmless funding provides the difference between the budgeted LEA amounts and the revised estimates less any additional levy revenue received.

COUNSELORS FOR HIGH POVERTY ELEMENTARY SCHOOLS - \$31.8 MILLION 2019-21 (\$84.0 MILLION 2021-23)

Funding is provided to allocate an additional 0.5 FTE counselor per prototypical school for all high poverty elementary schools. Approximately 45 percent of K-6 enrollment attend high poverty schools that would generate this increased allocation. This additional funding increases counselor staffing per prototypical school for high poverty elementary schools above the amounts specified in RCW 28A.150.260.

TRANSPORTATION HOLD HARMLESS - \$21.5 MILLION 2019-21

Funding is provided for one-time hold harmless pupil transportation payments to school districts to address lower pupil transportation payments for the 2019-2020 school year.

PROFESSIONAL DEVELOPMENT FOR PARAEDUCATORS - \$14.4 MILLION 2019-21 (\$21.0 MILLION 2021-23)

Funding is provided for two days of comprehensive training per year on the fundamental paraeducator standards beginning in the 2019-2020 school year pursuant to Chapter 237, Laws of 2017. Funding is sufficient for each paraeducator teaching in the 2019-2020 school year to complete the four-day fundamental course of study, as defined in RCW 28A.413.060, by the end of the 2020-2021 school year.

SMALL SCHOOLS GRANTS - \$4.0 MILLION 2019-21

One-time funding is provided for grants for enrichment purposes to public school districts during the 2020-2021 school year with enrollments of less than 650 students. The Superintendent of Public Instruction must prioritize districts with demonstrated financial need.

STUDENT MENTAL HEALTH AND SAFETY - \$2.6 MILLION 2019-21 (\$5.1 MILLION 2021-23)

Funding is provided for an additional 1.5 FTEs per educational service district for the Regional School Safety Center established in Chapter 333, Laws of 2019 (Second

Substitute House Bill (2SHB) 1216), grants to school districts, and a contract with the University of Washington-Forefront suicide prevention program.

SPECIAL EDUCATION - \$1.9 MILLION 2019-21 (\$41.2 MILLION 2021-23)

Funding is provided for anticipated increases in safety net awards due to eligibility changes related to Chapter 387, Laws of 2019 (E2SSB 5091).

Savings, Decreases, or Transfers

SCHOOL EMPLOYEE BENEFITS RATE - \$71.1 MILLION 2019-21 REDUCTION (\$186.4 MILLION REDUCTION IN 2021-23)

Funding is adjusted to account for a reduction in the 2021 school employee benefit rate from \$1,056 per employee per month to \$1,000.

INFANT TODDLER PROGRAM TRANSFER - \$85.5 MILLION 2019-21 TRANSFER (\$239.5 MILLION TRANSFER IN 2021-23)

Beginning in fiscal year (FY) 2021, funding is transferred from the Office of the Superintendent of Public Instruction (OSPI) to DCYF for the administration and operation of the Early Support for Infants and Toddlers (ESIT) Program. ESIT provides early intervention services for children birth to three who have developmental delays or disabilities.

Behavioral Health

Increases

HOSPITAL OPERATIONS - \$38.4 MILLION 2019-21 (\$109.9 MILLION 2021-23)

Funding is provided to maintain operations at the FY 2019 spending levels at Western and Eastern State Hospitals.

WESTERN STATE HOSPITAL STAFF TRAINING \$2.8 MILLION 2019-21 (\$3.6 MILLION 2021-23)

Funding is provided for the state hospital to increase the number crisis intervention trainings offered and to provide increased training hours to new staff prior to beginning work in ward settings.

BEHAVIORAL HEALTH ADMINISTRATIVE SERVICES ORGANIZATIONS (BH-ASO) INCREASED FUNDING AND RESERVES - \$6.5 MILLION 2019-21 (\$7.9 MILLION 2021-23)

Funding is provided on a one-time basis to establish reserves for the BH-ASOs moving into full integration of physical health and behavioral health services under managed care beginning January 1, 2020. This impacts three regions - Great Rivers, Salish, and Thurston-Mason. Additional ongoing funding is provided for services provided to individuals not covered by the Medicaid program, including crisis services.

PARENT-CHILD ASSISTANCE PROGRAM (PCAP) - \$1.3 MILLION 2019-21 (\$2.6 MILLION 2021-23)

Increased funding is provided to the current PCAP providers to stabilize the workforce and increase training and evaluation opportunities statewide.

INTENSIVE OUTPATIENT/PARTIAL HOSPITALIZATION SERVICES PILOTS FOR YOUTH - \$1.8 MILLION 2019-21 (\$7.0 MILLION 2021-23)

Funding is provided to add intensive outpatient and partial hospitalization services for youth in two hospitals, beginning January 1, 2021 for 30-month pilot programs. These programs are intended to increase the continuum of care available to youth in need of intensive behavioral health services.

CRIMINAL JUSTICE TREATMENT SERVICES \$4.5 MILLION 2019-21 (\$9.0 MILLION 2021-23)

Funding is provided to set up new therapeutic courts for cities or counties, or for expanded services in current therapeutic courts engaged in evidence-based practices, to include medication assisted treatment in jail settings.

Higher Education

Increases

WORKFORCE EDUCATION INVESTMENT ACCOUNT - \$21 MILLION 2019-21

One-time funding is appropriated into the Workforce Education Investment Account to ensure the account remains solvent for the 2019-21 biennium.

**WA COLLEGE GRANT CASELOAD ADJUSTMENT – \$14.8 MILLION 2019-21
WORKFORCE EDUCATION INVESTMENT ACCOUNT (\$47.6 MILLION 2021-23)**

Funding is provided for Washington College Grant maintenance level adjustments based on the February 2020 caseload forecast.

UNIVERSITY OF WASHINGTON ONE-TIME PAYMENTS – \$7.0 MILLION 2019-21

Funding is provided for collectively bargained lump-sum payments of up to \$700 for certain employees.

JOB SKILLS PROGRAM – \$2.4 MILLION 2019-21

One-time funding is provided to expand incumbent worker training through the Job Skills Program.

Health Care

Increases

PRIMARY CARE PHYSICIAN RATE INCREASE - \$9.9 MILLION 2019-21 (\$41.4 MILLION 2021-23)

Funding is provided to increase evaluation and management (E&M) codes for primary care providers by 15 percent beginning January 1, 2021. Providers of pediatric and neonatal intensive and critical care E&M codes will receive an increase of 21 percent beginning January 1, 2021.

RURAL HEALTH CENTER RECONCILIATIONS - \$34.1 MILLION 2019-21

Funding is provided to resolve all past unreconciled amounts for rural health centers for 2014-2017.

RESTORE PROGRAM INTEGRITY SAVINGS - \$32 MILLION 2019-21

Due to delayed program implementation, funding is restored in FY 2020 for activities connected to overseeing waste, fraud, and abuse in managed care.

BEHAVIORAL HEALTH RATE INC - \$1.9 MILLION 2019-21 (\$7.8 MILLION 2021-23)

Funding is provided to increase provider rates for behavioral health services by 15 percent beginning January 1, 2021.

FOUNDATIONAL PUBLIC HEALTH - \$28 MILLION TOTAL FUNDS 2019-21 (\$28 MILLION TOTAL FUNDS 2021-23)

The 2019-21 enacted budget appropriated \$10.0 million from the state general fund and \$12.0 million from the Foundational Public Health Services Account (FPHSA) for foundational public health services, as defined in Chapter 14, Laws of 2019 (2SHB 1497). Revenue to the FPHSA is below projections. Funding for foundational public health services is partly shifted from the FPHSA to the state general fund on an ongoing basis. In addition, \$3.0 million per fiscal year state general fund is provided for foundational public health services beginning in FY 2020.

TITLE X PROGRAM - \$8.4 MILLION 2019-21 (\$8.4 MILLION 2021-23)

Funding is provided to replace lost federal grant funding for family planning services across the state.

FRUITS AND VEGETABLES INCENTIVES - \$1.3 MILLION 2019-21

One-time funding is provided to increase incentives for individuals on the Supplemental Nutrition Assistance Program to purchase fruits and vegetables.

SUICIDE PREVENTION - \$1.2 MILLION 2019-21 (\$2.5 MILLION 2021-23)

Funding is provided to implement programs focused on suicide prevention statewide, to include agricultural industry task force recommendations, tribal grants, continuing education, and training.

Long-Term Care, Developmental Disabilities

Increases

NURSING HOMES - \$28.3 MILLION 2019-21 (\$77.0 MILLION 2021-23)

Funding is provided for temporary inflationary increases to Medicaid direct and indirect care rates beginning in May 2020 through June 2021, and a rebase of these rates in FY 2022 (\$18.8 million in 2019-21, \$50.5 million in 2021-23), and to restore the discharge reduction by fully funding the expected cost of nursing home services as projected in the February forecasts (\$9.5 million in 2019-21, \$24.3 million in 2021-23).

POSTACUTE CARE - \$2.6 MILLION 2019-21 (\$7.5 MILLION 2021-23)

Funding is provided to facilitate the timely discharge of clients from acute care hospitals to appropriate community placements.

CONSUMER DIRECTED EMPLOYER - \$3.0 MILLION 2019-21 (\$60.7 MILLION 2021-23)

Pursuant to Chapter 278, Laws of 2018, funding is provided for the Department of Social and Health Services (DSHS) to contract with one vendor to be the legal employer of individual providers for the purpose of performing administrative functions.

COMMUNITY RESIDENTIAL RATE - \$2.9 MILLION 2019-21 (\$13.7 MILLION 2021-23)

Funding is provided to increase the rate for Development Disabilities Administration community residential service providers, including supported living, group homes, and licensed staffed residential homes by 1.8 percent effective January 1, 2021.

SERVICE PLAN SIGNATURES - \$2.9 MILLION 2019-21 (\$3.2 MILLION 2021-23)

Funding is provided for the staff and information technology solution to comply with the federal regulation to collect provider signatures on service plans for in-home and community-based clients.

STATE-OPERATED LIVING ALTERNATIVE (SOLA) PLACEMENTS - \$1.9 MILLION 2019-21 (\$5.5 MILLION 2021-23)

Funding is provided to phase-in two, three-bed adult SOLA homes and two, three-bed children's SOLA homes by June 30, 2021.

SPECIALTY DEMENTIA CARE ADD-ON - \$1.4 MILLION 2019-21 (\$2.9 MILLION 2021-23)

Funding is provided to increase Medicaid rates paid to Specialty Dementia Care providers by approximately \$10 per client, per day.

AREA AGENCIES on AGING (AAA) CASE MANAGEMENT - \$1.3 MILLION 2019-21 (\$2.8 MILLION 2021-23)

Funding is provided for 23 AAA case managers to serve in-home clients with mental health needs.

DEVELOPMENTAL DISABILITY BUDGETING - \$1.1 MILLION 2019-21 (\$1.9 MILLION 2021-23)

Funding is provided to serve an additional 200 individuals through the Basic Plus and Individual and Family Services waivers, and for DSHS to update the no-paid services caseload with a current headcount and the number of individuals who are currently interested in receiving a paid service by December 1, 2021.

DEVELOPMENTAL DISABILITIES CONTINUUM OF CARE - \$180,000 2019-21

Funding is provided to implement ESSB 6419 (habilitation center clients), which establishes a Joint Executive and Legislative Task Force to advance the recommendations of the December 2019 Ruckelshaus report regarding residential habilitation clients.

Economic Services

Increases

ECONOMIC ASSISTANCE PROGRAMS - \$575,000 2019-21 (\$16.9 MILLION 2021-23)

Funding is provided for the implementation of Second Substitute Senate Bill (2SSB) 6478 (economic assistance programs) and Substitute House Bill (SHB) 2441 (TANF access), which revise sanction policies in the WorkFirst program and allow an exemption to the Temporary Assistance for Needy Families 60-month lifetime limit for families with children or youth who meet an expanded definition of homelessness.

CHILD SUPPORT PASS-THROUGH - \$1.1 MILLION 19-21 (\$4.4 MILLION 2021-23)

Funding is provided for the implementation of 2SSB 5144, which allows for the pass-through of child support to families receiving Temporary Assistance for Needy Families, in the amounts of up to \$50 per month for a family with one child, and up to \$100 per month for a family with two or more children.

Department of Children, Youth, and Families

Increases

CHILD CARE RATES AND INITIATIVES - \$40.5 MILLION 19-21 (\$82.3 MILLION 2021-23)

Funding is provided to increase Working Connections Child Care (WCCC) subsidy rates to the 65th percentile of market rate at a Level 2 quality of care, to reduce WCCC copays to less than 12 percent of income, to allow families in the program to maintain eligibility up to 250 percent of the federal poverty guidelines, and other initiatives.

EARLY LEARNING ENHANCEMENTS - \$9.1 MILLION 19-21 (\$19.4 MILLION 21-23)

Funding is provided to increase Early Childhood Education and Assistance Program (ECEAP) provider rates by 5 percent beginning in FY 2021, and for a rate enhancement for ECEAP providers providing services to children with different abilities and special needs, including behavioral challenges.

PLACEMENTS FOR YOUTH WITH COMPLEX NEEDS - \$11.9 MILLION 2019-21 (\$17.2 MILLION 2021-23)

Funding is provided for increased emergent placement services and behavioral rehabilitation services placements, including placements with enhanced rates to support increased staff-to-child ratios, intensive therapeutic services, and other specialized services.

FOSTER CARE RATES AND INITIATIVES - \$8.8 MILLION 19-21 (\$15.3 MILLION 21-23)

Funding is provided to increase basic foster care maintenance payments and child placing agency rates, to provide opportunities for extracurricular activities for youth in foster care, to support youth transitioning out of the foster care system, to screen foster youth aged 0-3 for developmental delays, and other initiatives.

INFANT TODDLER PROGRAM TRANSFER - \$91.9 MILLION 2019-21 (\$239.5 MILLION 2021-23)

Beginning in FY 2021, funding is transferred from OSPI to DCYF for the administration and operation of the ESIT Program. ESIT provides early intervention services for children from birth to three years who have developmental delays or disabilities.

JR to 25 - \$8 MILLION 2019-21 (\$16.4 MILLION 2021-23)

Additional funding is provided for implementation of Chapter 322, Laws of 2019 for increased staffing, programming needs to such as post-secondary education, pre-apprenticeship training and trades exploration.

YOUTH SOLITARY CONFINEMENT - \$1.2 2019-21 (\$8.4 MILLION 2021-23)

Funding is provided to implement a system that eliminates the use of juvenile solitary confinement in juvenile detention and juvenile rehabilitation institutions.

Corrections & Other Criminal Justice

Increases

STAFFING MODEL RECCOMENDATIONS - \$20 MILLION 2019-21 (\$29.6 MILLION 2021-23)

Funding is provided to increase custody and healthcare staff as a result of the review of the agency's staffing model conducted in 2018.

CHEMICAL DEPENDENCY BED EXPANSION - \$2.1 MILLION 2019-21 (\$3.2 MILLION 2021-23)

Funding is provided to increase the capacity of the Drug Offender Sentencing Alternative and intensive inpatient chemical dependency programs.

TOLLING UNIT EXPANSION - \$1.3 MILLION 2019-21 (\$2.6 MILLION 2021-23)

Additional funding is provided to expand and establish a centralized tolling unit responsible for the reconciliation of all scheduled end dates of individuals releasing from prison and community supervision.

VIOLATOR TRANSPORTATION - \$1.3 MILLION 2019-21 (\$1.4 MILLION 2021-23)

Funding is provided for dedicated resources for transport services due to increased admissions of community custody violators.

POSTSECONDARY EDUCATION PILOT - \$1.2 MILLION 2019-21

One-time funding is provided for a pilot program at three correctional facilities to expand educational programming including access to postsecondary education, with the use of secure internet connections.

Other Human Services

Increases

HOMLESSNESS AND HOUSING SUPPORT - \$160 MILLION 2019-21 (\$75 MILLION 2021-23)

Funding is provided to reduce homelessness and increase housing stability statewide. One-time funding is provided for grants to local governments to create homeless shelter capacity (\$60 million) and for the construction, maintenance, and preservation of affordable housing (\$55 million). Ongoing funding is provided for the Essential Needs and Housing program (\$45 million), permanent supportive housing grants (\$45 million), and other items intended to reduce homelessness and housing instability, including diversion services and reducing grant penalties for supplied shelter.

Natural Resources

Increases

CLIMATE RESILIENCY - \$50 MILLION 2019-21

Funding is provided for climate resiliency, with direction to the Office of Financial Management (OFM) to consult with state agencies to prioritize actions and investments that mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment. The recommended prioritized list is due the Governor and the Legislature by November 1 to be considered for appropriation in 2021-23.

FIRE SUPPRESSION AND RESPONSE - \$25 MILLION 2019-21

Funding is provided to the Department of Natural Resources for fire suppression costs.

OPERATING BUDGET SUPPORT: DEPARTMENT OF FISH AND WILDLIFE - \$16.2 MILLION 2019-21 (\$31.4 MILLION 2021-23)

State general fund is provided to continue existing program services at the Department of Fish and Wildlife that cannot be met with funds from the State Wildlife Account or Federal grants.

LOCAL SOLID WASTE FINANCIAL ASSISTANCE - \$7 MILLION (\$14 MILLION 2021-23)

Funding is provided from the Model Toxics Control Operating Account to support local government services for keeping household hazardous substances from polluting the environment. This amount, combined with base-level funding, makes the total level of ongoing support at \$24 million per biennium.

OPERATING BUDGET SUPPORT: PARKS AND RECREATION COMMISSION - \$2.5 MILLION 2019-21 (\$5 MILLION 2021-23)

State general fund is provided to support ongoing operating and maintenance activities at State Parks.

General Government

Increases

ASST ATTORNEYS GENERAL COLLECTIVE BARGAINING AGREEMENT - \$751 THOUSAND 2019-21 (\$1.5 MILLION IN 2021-23)

Funding is provided for a collective bargaining agreement between the Governor and the Assistant Attorneys General.

CARE FUND GRANTS AND OPERATIONS - \$7.5 MILLION OTHER FUNDS 2019-2021 (\$7.2 MILLION OTHER FUNDS 2021-2023)

Funding is provided from the Andy Hill Cancer Research Endowment Fund for the operations of the Andy Hill Cancer Research Endowment and the disbursement of cancer research grants.

ELECTION SECURITY - \$10.6 MILLION-OTHER FUNDS 2019-21

Funding is provided for enhanced election technology and security to include grants to county auditors.

YOUNG VOTERS - \$674 THOUSAND 2019-21 (\$1.1 MILLION 2021-23)

Funding is provided for student engagement centers at each state university, regional university, and The Evergreen State College branch campus to allow voters to register in person and provide voter registration materials.

WASHINGTON STATE EQUITY - \$1.3 MILLION 2019-21 (\$2.5 MILLION 2021-23)

Funding is provided at the Governor's Office to create a new state equity office to promote access to opportunities and resources that reduce disparities and improve outcomes statewide.

SMALL AGENCY IT SERVICES - \$2.3 MILLION-OTHER FUNDS 2019-21

Funding is provided for at least desktop support, server support, technology and security support, and other security resources to targeted small agencies.

DIVERSITY, EQUITY & INCLUSION - \$800,000-OTHER FUNDS 2019-21 (\$1.6 MILLION-OTHER FUNDS 2021-23)

Funding is provided at the Department of Enterprise Services (DES) for staffing to provide diversity, equity and inclusion training as well as work to increase diversity in the state workforce.

CENTRAL SERVICE – \$19 MILLION 2019-21 (\$36 MILLION 2021-23)

Funding is provided for charges to state agencies for services provided by the Secretary of State, the State Auditor’s Office, the Attorney General’s Office, the Office of Administrative Hearings, Consolidated Technology Services, DES, and OFM. This includes charges for the One Washington project for the replacement of the core financials – agency financial reporting system, phase 1A.

INFORMATION TECHNOLOGY POOL - \$8.6 MILLION 2019-21

Funding is provided for information technology projects. This includes 13 discreet projects that must follow oversight requirements as outlined in section 701.

Judicial

Increases

UNIFORM GUARDIANSHIP IMPLEMENTATION - \$1.4 MILLION 2019-21 (\$3.4 MILLION 2021-23)

Additional funding is provided for Uniform Guardianship Act implementation for related training and court resources.

Other Changes

Increases

CORONAVIRUS EMERGENCY RESPONSE - \$100 MILLION 2020

In order to fund emergency response efforts to the COVID-19 outbreak, \$100 million is appropriated from the Budget Stabilization Account to the Disaster Response Account pursuant to EHB 2965. OFM may distribute these funds to state agencies, federally recognized tribes and local governments for their response costs.

PLAN 1 RETIREE BENEFIT INCREASES - \$15.0 MILLION 2019-21 (\$39.5 MILLION 2021-23)

Funding is provided for a one-time permanent benefit increase of 3.0 percent for eligible plan 1 retirees, as provided for in EHB 1390.

Fund Transfers, Revenue Legislation, and Budget Driven Revenues

Proposed Final Funds Subject to Outlook (Dollars in Millions)

	Account	2019-21	2021-23	4 Yr
Revenue Forecast Technical Adjustment				
King County Sales Tax Credit Adjustment	GF-S	9.422	32.854	42.276
Fund Transfers				
Child Care Facility Revolving Account	GF-S	1.500	0.000	1.500
Community Preservation & Development Authority	GF-S	-1.500	0.000	-1.500
Acc Disaster Response Account	GF-S	-14.274	2.725	-11.549
Economic Development Strategic Reserve Account	GF-S	-1.000	0.000	-1.000
Gambling Revolving Account	GF-S	6.000	0.000	6.000
Home Security Fund Account	GF-S	-4.500	-9.000	-13.500
Sea Cucumber Dive Fishery Account	GF-S	-0.004	0.000	-0.004
Sea Urchin Dive Fishery Account	GF-S	-0.001	0.000	-0.001
Workforce Education Investment	GF-S	-41.342	20.133	-21.209
SubTotal		-55.121	13.858	-41.263
Revenue Legislation				
1368 Cooperative Finance Organizations	GF-S	-0.148	-0.394	-0.542
1948 Warehouse & manuf. jobs	GF-S	-6.727	-13.140	-19.867
2230 Indian tribe-owned property	GF-S	-0.210	-0.790	-1.000
2248 Community Solar Projects	GF-S	-0.300	-4.400	-4.700
2634 Affordable housing/REET	ELTA-S	-0.089	-0.202	-0.291
2634 Affordable housing/REET	GF-S	-0.404	-0.916	-1.320
2797 Housing/sales use tax	GF-S	-0.500	-2.000	-2.500
2803 Tribal Tax Compacts	GF-S	-4.140	-8.520	-12.660
2804 Local government infrastructure 2903	GF-S	0.000	-0.998	-0.998
Autodealers/Cash Incentives	GF-S	-0.736	-3.827	-4.563
2919 REET County Fees	ELTA-S	-0.114	-0.216	-0.330
2919 REET County Fees	GF-S	-0.521	-0.983	-1.504
2943 Behavioral Health Administrative	GF-S	-4.100	-9.000	-13.100
Org. 2950 Multifamily Housing	GF-S	-0.036	-0.140	-0.176
5147 Feminine Hygiene Products	GF-S	-4.127	-9.429	-13.556
5323 Plastic Bags	GF-S	3.794	7.388	11.182
6068 Large Private Aircraft	GF-S	0.000	-6.411	-6.411
6172 BPA Ratepayer Assistance	GF-S	-0.600	-1.320	-1.920
6312 Nonprofit Fund-Raising	GF-S	-0.011	-0.024	-0.035
6331 Captive Insurers	GF-S	1.410	15.906	17.316
SubTotal		-17.559	-39.416	-56.975
Budget Driven Revenue				
2870 Marijuana retail licenses	GF-S	2.507	9.980	12.487
Liquor Control Board (Liquor)	GF-S	-2.388	-1.023	-3.411
Liquor Control Board	GF-S	-3.744	-5.524	-9.268
(Marijuana) Lottery	OPA-S	-0.004	-0.008	-0.012
SubTotal		-3.629	3.425	-0.204
Grand Total		-66.887	10.721	-56.166

Revenue-Related Bills

Increases

PLASTIC BAGS - \$3.7 MILLION INCREASE IN 2019-21 (\$7.4 MILLION INCREASE IN 2021-23)

ESSB 5323 prohibits a retailer from providing single-use plastic bags to customers, or paper or reusable plastic bags that do not meet recycled content requirements; requires a retailer to collect a pass-through charge of \$0.08 for each recycled-content large paper or plastic carryout bag provided; and preempts local carryout bag ordinances, except for ordinances establishing a \$0.10 pass-through charge in effect as of January 1, 2019.

CAPTIVE INSURANCE - \$1.4 MILLION INCREASE IN 2019-21 (\$15.9 MILLION INCREASE IN 2021-23)

Substitute Senate Bill (SSB) 6331 requires captive insurance companies to register with the Office of the Insurance Commissioner (OIC) and pay a tax on insurance premiums on their Washington state risk; and requires foreign captive insurance companies to register with the OIC and pay a tax on insurance premiums on their Washington state risk.

BUSINESS AND OCCUPATION (B&O) TAX/WORKFORCE EDUCATION - \$29.6 MILLION DECREASE IN 2019-21 (\$234.3 MILLION INCREASE IN 2021-23)

ESSB 6492 eliminates the Workforce Education Investment Act (WEI Act) surcharges retroactively to January 1, 2020; replaces the current WEI Act surcharge with a 1.75 percent B&O rate for most service activities beginning April 1, 2020; imposes a 1.5 percent service activities B&O rate for hospitals, taxpayers subject to the advanced computing surcharge, and taxpayers with less than \$1 million in gross receipts in the preceding calendar year beginning April 1, 2020; and imposes an advanced computing surcharge of 1.22 percent of a business's gross service and other income beginning April 1, 2020.

Decreases

WAREHOUSING & MANUF. JOBS - \$6.7 MILLION DECREASE IN 2019-21 (\$13.1 MILLION DECREASE IN 2021-23)

EHB 1948 provides mitigation payments for the support of manufacturing and job centers in manufacturing and warehousing communities negatively impacted by the Streamlined Sales and Use Tax Agreement.

FEMININE HYGIENE PRODUCTS - \$4.1 MILLION DECREASE IN 2019-21 (\$9.4 MILLION DECREASE IN 2021-23)

ESSB 5147 permanently exempts menstrual products from retail sales and use tax.

BEHAVIORAL HEALTH ADMINISTRATIVE ORG. - \$4.1 MILLION DECREASE IN 2019-21 (\$9 MILLION DECREASE IN 2021-23)

House Bill (HB) 2943 provides a B&O tax deduction for behavioral health administrative services organizations and health or social welfare organizations on certain amounts received for government-funded behavioral health care.

TRIBAL TAX COMPACTS - \$4.1 MILLION DECREASE IN 2019-21 (\$8.5 MILLION DECREASE IN 2021-23)

SHB 2803 authorizes the Governor to enter into compacts with Indian tribes to address sales and business taxes imposed on transactions between nontribal member businesses and non-tribal customers conducted on tribally owned land.

LARGE PRIVATE AIRCRAFT - NO IMPACT IN 2019-21 (\$6.4 MILLION DECREASE IN 2021-23)

SSB 6068 extends the sales and use tax exemption for the modification of large private airplanes owned by nonresidents until July 1, 2031; updates the airplane registration requirements to exempt large private airplanes owned by nonresidents in Washington for modification; and updates the airplane excise tax exemption to exclude commercial airplanes in Washington for storage for more than one calendar year after July 1, 2021.

COMMUNITY SOLAR PROJECTS - \$300,000 DECREASE IN 2019-21 (\$4.4 MILLION DECREASE IN 2021-23)

Engrossed Substitute House Bill (ESHB) 2248 terminates the Renewable Energy Production Incentive Program effective June 30, 2020; authorizes eligible community solar projects to apply for the Community Solar Expansion Program until June 30, 2026; caps total incentive payments allowed for community solar projects certified under the Community Solar Expansion Program at \$20 million; and creates a new public utility tax credit in an amount equal to the energy burden reduction incentive payments paid by an electric utility under the Community Solar Expansion Program.

AUTO DEALERS/CASH INCENTIVES - \$736,000 DECREASE IN 2019-21 (\$3.8 MILLION DECREASE IN 2021-23)

HB 2903 creates a permanent B&O tax deduction for qualified dealer cash incentives received by auto dealers.

HOUSING/SALES & USE TAX - \$500,000 DECREASE IN 2019-21 (\$2 MILLION DECREASE IN 2021-23)

EHB 2797 extends deadlines and clarifies provisions for cities and counties implementing the local sales and use tax for affordable housing.

BPA RATEPAYER ASSIST/B&O TAX - \$600,000 DECREASE IN 2019-21 (\$1.3 MILLION DECREASE IN 2021-23)

Senate Bill (SB) 6172 reinstates, until January 1, 2030, the B&O tax exemption for energy conservation and demand-side management credits and funding from the Bonneville Power Administration, if the tax savings are used for low-income ratepayer assistance and weatherization.

REET COUNTY FEES - \$635,000 DECREASE IN 2019-21 (\$1.2 MILLION DECREASE IN 2021-23)

ESHB 2919 increases the percentage of real estate excise taxes (REET) retained by counties with a population of less than 400,000 from 1.3 percent to 1.48 percent; and allows a county with a population greater than 2 million to use up to 25 percent of its retained REET for operations and maintenance of permanent supportive housing programs.

AFFORDABLE HOUSING/REET - \$493,000 DECREASE IN 2019-21 (\$1.1 MILLION DECREASE IN 2021-23)

SHB 2634 exempts the sale of property used for rental housing for low-income households from the real estate excise tax.

LOCAL GOVERNMENT INFRASTRUCTURE - NO IMPACT IN 2019-21 (\$998,000 DECREASE IN 2021-23)

ESHB 2804 expands the Local Revitalization Financing Program by authorizing an additional state contribution up to \$15 million per year for projects approved after January 1, 2021; caps the state contribution for each new project at \$1 million; limits the duration of the state contribution to 20 years; and requires the Joint Legislative Audit and Review Committee to report on the effectiveness of the state contribution by December 1, 2025.

INDIAN TRIBE-OWNED PROPERTY - \$210,000 DECREASE IN 2019-21 (\$790,000 DECREASE IN 2021-23)

HB 2230 removes expiration of the property tax exemption for property owned by a federally recognized Indian tribe that is used for economic development purposes; and expands the property that could be eligible for the property tax exemption.

COOPERATIVE FINANCE ORG. B&O - \$148,000 DECREASE IN 2019-21 (\$394,000 DECREASE IN 2021-23)

HB 1368 reauthorizes the B&O tax deduction for loan repayments received by cooperative finance organizations from rural electric cooperatives or other utility nonprofit or governmental utility providers.

MULTIFAMILY HOUSING - \$36,000 DECREASE IN 2019-21 (\$140,000 DECREASE IN 2021-23)

SHB 2950 extends the property tax exemption, until December 31, 2021, for properties currently receiving a 12-year exemption under the multifamily property tax exemption (MFTE) that is set to expire after the effective date of the bill, but before December 31, 2021; and directs the Department of Commerce to contract with a nonprofit organization to convene a work group to study and make recommendations on certain aspects of the MFTE program.

Nonprofit Fund-Raising - \$11,000 DECREASE IN 2019-21 (\$24,000 DECREASE IN 2021-23)

SB 6312 makes permanent the use tax exemption on prizes valued under \$12,000 received or purchased as part of a fund-raising event for a nonprofit organization or library; and requires an annual adjustment by inflation to the value limit on use tax exempt prizes.

NONPROFIT HOUSING PROP/TAX - NO REVENUE IMPACT

SHB 2384 modifies low-income qualifying criteria and reporting requirements for the nonprofit housing property tax exemption.

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Employee Compensation (Excl. SEBB)			
PERS & TRS Plan 1 Benefit Increase	14,986	17,448	54,467
UW Specific Salary Items/2020	6,963	7,154	6,963
Comp Adjustment - DOC	2,820	2,820	8,573
AG: Compensation (Incl. CBA & Non-Rep)	751	5,799	2,253
Other Increases	584	4,552	2,313
UW Specific Salary Items/2019	-6,963	-69,086	-16,559
Employee Compensation (Excl. SEBB) Total	19,141	-31,313	58,010
K-12 Education			
Local Effort Assistance	45,763	45,763	45,763
Pupil Transportation	41,259	41,259	54,739
Counselors/High Poverty Schools	31,807	31,807	115,762
Transportation Hold Harmless	21,508	21,508	21,508
Paraeducator Training	14,358	14,358	35,331
Other Increases	8,324	12,000	16,582
Small Schools Grants	4,000	4,000	4,000
Student Mental Health & Safety	2,549	2,549	7,616
Special Education Safety Net	1,913	1,913	43,097
Institutional Funding/Support	762	762	2,894
Dual Language Learning	465	465	3,315
Updated SEBB Rate	-71,071	-71,071	-257,432
K-12 Education Total	101,637	105,313	93,175
Higher Education			
Other Increases	11,108	14,183	25,263
Job Skills Program	2,443	2,443	2,443
Opportunity Scholarship State Match	1,500	1,500	1,500
WSIPP Evaluations & Support	1,012	1,012	2,228
Rural Jobs State Match	500	500	500
Higher Education Total	16,563	19,638	31,934
Children, Youth, & Families			
WCCC: Rates & Supports	39,117	39,117	108,289
Waiver Shortfall/FAR	33,671	13,331	57,762
WCCC Caseload Savings Adjustment	15,548	15,548	36,282
Other Increases	10,896	13,569	23,115
Juvenile Rehabilitation to 25	8,026	8,026	24,475
ECEAP Rate Increase	6,903	6,903	21,821
Emergent Placement Service Beds	6,573	7,304	13,160
Settlement Agreement	6,500	6,500	6,500

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
ESIT Program Transfer	6,439	6,439	6,439
WCCC Co-Pay Reduction	6,000	6,000	18,076
BRS Plus & EPS Plus	5,292	8,244	15,856
Foster Care Payment Increase	5,159	7,029	15,542
Provisional Hires	4,443	4,443	4,443
WCCC: Eligibility & Utilization	2,553	2,553	9,685
ECEAP Special Needs Children	2,220	2,220	6,688
Youth Solitary Confinement	1,171	1,171	9,529
In-Home Services Travel Time	1,000	1,000	3,013
Cross Agency Complex Youth	681	1,323	3,336
Other Savings	-1,016	-1,016	-1,519
FFPSA Prevention Services	-7,460	0	-40,819
Children, Youth, & Families Total	153,716	149,704	341,673
Health Care			
RHC Reconciliations	34,145	40,043	34,145
Restore Program Integrity Savings	32,570	130,042	32,570
Foundational Public Health	16,527	6,000	31,835
Other Increases	15,929	39,831	30,671
Primary Care Provider Rates	9,922	28,994	51,347
Title X Program	8,400	8,400	16,853
Hospital Transitions	2,750	5,357	10,616
Small Rural Hospital Payment	2,362	6,494	2,362
Home Health Rates	770	1,570	3,985
Postpartum Coverage	709	709	1,254
MQIP Payments	0	126,024	0
Coronavirus (COVID-19) Response	0	125,000	0
Medicaid Transformation Project	0	-246,477	0
DSH Delay	-37,381	56,608	-138,811
Low Income Health Care/I-502	-38,843	0	-76,522
Health Care Total	47,860	328,595	303
Behavioral Health			
State Hospital Funding	44,753	44,753	161,105
ASO Non-Medicaid Funding	6,476	6,476	14,699
Other Increases	5,762	10,914	10,938
Behavioral Health Provider Rate	1,857	5,003	9,610
Intensive Outpatient/Partial Hosp.	1,801	1,801	8,851
PCAP rate increase	1,260	2,100	3,890
Suicide Prevention	1,223	1,223	3,684

NGF-O = GF-S + ELT + OpPath

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Involuntary Treatment Act	864	2,652	4,304
Criminal Justice Treatment Account	0	4,500	0
Electronic Health Record	-2,888	-2,888	-8,950
DSH Delay	-28,621	0	-88,701
Behavioral Health Total	32,487	76,534	119,430
Long Term Care & DD			
Nursing Home Rate Increase	18,805	37,610	71,503
Restore NH Discharge Reduction	9,489	17,702	33,823
Other Increases	4,388	9,536	11,677
Consumer Directed Employer Program	2,996	4,145	63,669
Enhance Community Residential Rate	2,922	5,768	16,577
Service Plan Signatures	2,860	5,610	6,080
Asset Verification	2,446	3,284	3,789
Specialty Dementia Care Rate Add-On	1,364	2,997	4,227
AAA Case Management	1,315	2,939	4,075
SOLA Placements	1,194	2,331	4,061
Additional Waiver Spots (DD Budgeting)	1,114	2,077	3,024
Long Term Care & DD Total	48,893	93,999	222,506
Corrections and Other Criminal Justice			
Custody Staff	16,938	16,938	41,068
Other Increases	13,225	15,119	23,808
Firearms Background Check/Related	10,017	11,221	11,327
Health Care Staff & Related	4,571	4,571	12,686
State Toxicology Lab	3,597	3,597	6,252
CJTC	3,146	3,753	6,010
Chemical Dependency Bed Expansion	2,162	2,162	5,367
Hepatitis C Treatment Expansion	2,000	2,000	2,000
WASPC: Sexual Assault Investigators	2,000	2,000	2,000
Internet Crimes Against Children	1,500	1,500	1,500
Vacating Criminal Records	1,314	1,314	2,956
Tolling Centralization	1,266	1,266	3,849
Crime Victim Compensation	375	-3,301	-992
Body Scanners	335	335	335
Impaired Driving	16	16	49
Supervision Changes	-5,411	-5,411	-30,923
Corrections and Other Criminal Justice Total	57,051	57,080	87,290
Housing & Homelessness			
Home Security Fund/Shelters	60,000	60,000	60,000

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Housing Trust Fund Acct	55,000	55,000	55,000
Housing and Essential Needs	15,420	15,420	46,455
Supportive Housing	15,000	15,000	45,189
Other Increases	7,877	9,360	19,305
Housing Needs Pilot Program	5,000	5,000	5,000
Diversion Services	1,000	1,000	3,013
Homeless Student Stability	200	200	600
Approp HTF & Home Security	0	115,000	0
<i>Housing & Homelessness Total</i>	159,497	275,980	234,561
<i>Other Human Services</i>			
Other Increases	2,777	12,660	3,802
Child Support Pass-Through	1,121	2,228	5,508
TANF Exemptions/Sanctions	575	575	17,514
WorkFirst Adjustments	-8,444	-2,944	-8,444
<i>Other Human Services Total</i>	-3,971	12,519	18,381
<i>Natural Resources</i>			
Climate Resiliency Funding	50,000	50,000	50,000
DNR: Fire Supression & Response	24,968	24,968	24,968
WDFW: Operating Budget Support	16,157	-5,000	47,540
WDFW: Other Increases	7,650	7,822	14,667
Other Increases	6,579	13,656	12,387
Program Cost Shift	4,400	0	4,400
State Parks	4,357	4,825	12,822
DOE: Other Increases	2,024	21,010	2,486
Other Savings	4	4	18
Local Solid Waste Financial Assistance	0	7,000	0
<i>Natural Resources Total</i>	116,139	124,285	169,288
<i>All Other Policy Changes</i>			
Other Increases	19,364	72,997	35,649
Aerospace Workforce Development	15,000	15,000	19,025
Central Services: OFM	10,211	18,946	30,950
Dept of Revenue	8,854	9,081	19,016
IT Pool	8,597	20,466	8,597
Andy Hill Cancer Research Acct	6,022	22	10,760
Gambling Revolving Account/Loan	6,000	6,000	6,000
Central Services: Attorney General	5,311	9,813	15,868
Associate Development Organizations	5,000	0	5,000
Judicial: All Other Increases	4,702	4,702	13,889

NGF-O = GF-S + ELT + OpPath

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	2019-21		4-Yr Total
	NGF-O	Total	NGF-O
Central Services: All Other	3,460	5,685	8,560
Disaster Preparedness & Response	1,843	61,561	2,313
AG: All Other	1,763	10,549	3,761
Elections & Related	1,326	12,747	10,244
Judicial: IT & Related	730	730	1,291
Broadband	412	412	1,241
Coronavirus (COVID-19) Response	0	100,000	0
PFML Program	0	50,948	0
OneWashington	0	20,065	0
Other Savings	-1,037	-1,374	-1,037
SST As Revenue Rather Than Spending	-7,079	-7,079	-20,839
<i>All Other Policy Changes Total</i>	90,479	411,271	170,290
Grand Total	839,492	1,623,605	1,546,841