

WASHINGTON STATE



Ways & Means Committee

PROPOSED SENATE 2020 SUPPLEMENTAL OPERATING BUDGET

Overview

SENATE CHAIR

SENATE WAYS & MEANS COMMITTEE
February 2020

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

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Omnibus Operating Budget Overview

Context

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. Of the \$1.5 billion in new revenue, \$318 million of that came from one-time sources. Over the same time period, the projected costs for continuing current programs and other mandatory cost adjustments increased by \$143 million. These mandatory costs do not include new fiscal- or policy-related changes.

Summary of Chair Rolfes' Budget Proposal

The Senate Chair's proposed 2020 supplemental budget (Proposed Substitute Senate Bill (PSSB) 6168) increases net new NGF-O spending by \$1.1 billion, or approximately 2.2 percent over the enacted 2019-21 budget. The \$1.1 billion includes the \$143 million in current obligations as discussed above, as well as \$997 million in net new spending. This proposal would bring NGF-O spending to \$53.6 billion (\$102.1 billion total funds) in 2019-21.

Of the \$997 in net new spending, \$315 million in proposed spending is directly related to the one-time revenue received in the February forecast. The Chair proposes to fund \$115 million for homelessness shelters and programs, \$100 million for climate resiliency activities, and \$100 million for the construction of the UW Behavioral Health Hospital.

The Senate Chair's proposed budget also includes the following policy-related spending increases:

- \$128 million in K-12 for special education, local effort assistance hold harmless, pupil transportation, paraeducator training, and other increases;
- \$184 million in health care spending related to managed care inflation, primary care physician rate increases, rural health clinic reconciliations, and other increases;
- \$116 million in Children, Youth, and Family for childcare rates and initiatives, placing complex youth, and other increases.

The Chair's budget realizes \$54.7 million in savings from lower-than-expected SEBB rates compared to the enacted budget.

Resource Changes:

PSSB 6168 assumes revenue legislation that accounts for a \$10.3 million net revenue reduction in NGF-O. These bills are itemized in the Revenue section of this document. PSSB 6168 also includes a reduction of \$29.6 million in revenues for the Workforce Education Investment Account under Engrossed Substitute Senate Bill (ESSB) 6492 (Chapter 2, Laws of 2020).

The ending fund balance at the end of 2019-21 is projected to be \$762 million and \$2.9 billion in total reserves.

The Four-Year Outlook

The Chair's budget proposal, under the provisions of the four-year budget outlook (Chapter 8, Laws of 2012), is projected to end the 2021-23 biennium with \$84 million in NGF-O ending fund balance and \$2.9 billion in total reserves.

2019-21 Omnibus Operating Budget -- 2020 Supplemental
PSSB 6168 Senate Chair
Funds Subject to Outlook
(Dollars in Millions)

| | FY 2020 | FY 2021 | 2019-21 | FY 2022 | FY 2023 | 2021-23 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Beginning Balance | 1,981 | 1,844 | 1,981 | 762 | 240 | 762 |
| 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 | -126 | -149 | -274 | -77 | -182 | -259 |
| GF-S Transfer to BSA (1%) | -248 | -258 | -506 | -267 | -276 | -542 |
| Prior Period Adjustments | 18 | 20 | 39 | 20 | 20 | 41 |
| Enacted Fund Transfers | 91 | 118 | 209 | 147 | 68 | 215 |
| Budget Driven Revenue | 13 | 11 | 24 | 6 | 0 | 6 |
| Proposed Fund Transfers | 0 | -30 | -30 | -2 | -5 | -6 |
| Revenue Legislation | 0 | -10 | -10 | 10 | 1 | 11 |
| Tobacco Arbitration Settlement Revenue | 0 | 0 | 0 | 8 | 9 | 16 |
| Total Revenues and Resources | 27,729 | 28,161 | 54,046 | 28,341 | 28,959 | 57,060 |
| Enacted Appropriations | 25,571 | 26,928 | 52,499 | 27,789 | 28,482 | 56,271 |
| Maintenance Level Total | 72 | 72 | 143 | -147 | -151 | -298 |
| Policy Level Total | 409 | 588 | 997 | 614 | 683 | 1,297 |
| K-12 Education | 60 | 81 | 141 | 85 | 74 | 160 |
| SEBB Rate | 0 | -55 | -55 | -71 | -72 | -144 |
| Higher Education | 0 | 35 | 35 | 1 | -1 | 0 |
| Children, Youth and Families | 44 | 75 | 119 | 63 | 62 | 125 |
| Low Income Health Care & Comm Behavioral Health | 114 | 129 | 243 | 201 | 204 | 405 |
| Social & Health Services | 16 | 82 | 98 | 175 | 243 | 418 |
| Corrections | 4 | 9 | 13 | 18 | 18 | 36 |
| All Other | 171 | 232 | 403 | 143 | 154 | 297 |
| Reversions | -167 | -188 | -354 | -154 | -140 | -294 |
| Revised Appropriations | 25,885 | 27,400 | 53,285 | 28,101 | 28,875 | 56,976 |
| Projected Ending Balance | 1,844 | 762 | 762 | 240 | 84 | 84 |
| Budget Stabilization Account | | | | | | |
| Beginning Balance | 1,618 | 1,894 | 1,618 | 2,180 | 2,482 | 2,180 |
| GF-S Transfer to BSA (1%) | 248 | 258 | 506 | 267 | 276 | 542 |
| Interest Earnings | 28 | 29 | 56 | 35 | 46 | 81 |
| Budget Stabilization Account Ending Balance | 1,894 | 2,180 | 2,180 | 2,482 | 2,804 | 2,804 |
| Total Reserves | 3,738 | 2,942 | 2,942 | 2,722 | 2,888 | 2,888 |

Functional Areas of Government

K-12 Public Schools

Increases

SPECIAL EDUCATION - \$20.7 MILLION 2019-21 (\$86.0 MILLION 2021-23)

Funding is provided for the implementation of Second Substitute Senate Bill (2SSB) 6117 (1) to increase the special education multiplier from 1.0075 to 1.0251 for students spending 80 percent or more in a general education setting; and (2) to increase access to the special education safety net by changes to the threshold. Additionally, funding is provided to the Washington State Institute for Public Policy to conduct a study of special education services in public K-12 education systems.

LOCAL EFFORT ASSISTANCE - \$45.8 MILLION 2019-21

Funding is provided for a one-time local effort assistance (LEA) hold harmless payment for calendar year 2020 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.

PARAEDUCATOR TRAINING - \$12.6 MILLION 2019-21 (\$13.4 MILLION 2021-23)

Funding is provided for two additional days of training for paraeducators.

STUDENT MENTAL HEALTH AND SAFETY - \$2.6 MILLION 2019-21 (\$5 MILLION 2021-23)

Increased funding is provided for the statewide student mental health and safety network established in Chapter 333, Laws of 2019 (2SHB 1216).

DUAL LANGUAGE LEARNING - \$1.4 MILLION 2019-21 (\$2.7 MILLION 2021-23)

Funding is provided for the implementation of 2SSB 5607 to (1) create or expand K-12 dual language programs; (2) create heritage language programs for immigrant and refugee students; and (3) create indigenous language programs for native students.

Savings, Decreases, or Transfers

SCHOOL EMPLOYEE BENEFITS RATE - \$54.8 MILLION 2019-21 REDUCTION (\$143.5 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 \$1,014.

INFANT TODDLER PROGRAM TRANSFER - \$85.4 MILLION 2019-21 TRANSFER (\$239 MILLION TRANSFER IN 2021-23)

Beginning in fiscal year 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

UW BEHAVIORAL HEALTH HOSPITAL - \$100 MILLION 2019-21

Funding is provided for the construction of the new University of Washington Behavioral Health Hospital.

BEHAVIORAL HEALTH MANAGED CARE RATES \$25.0 MILLION 2019-21 (\$104.7 MILLION 2021-23)

Funding is provided for assumed increased managed care rates during calendar year 2021 for the community behavioral health system statewide.

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

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

BEHAVIORAL HEALTH ADMINISTRATIVE SERVICES ORGANIZATIONS (BH-ASO) RESERVES - \$2.5 MILLION 2019-21

One-time funding is provided 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 regions.

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 FOR YOUTH \$1.9 MILLION 2019-21 (\$8.1 MILLION 2021-23)

Funding is provided to add intensive outpatient and partial hospitalization services for youth to the Medicaid State Plan, beginning January 1, 2021 to increase the continuum of care available for youth in need of intensive behavioral health services.

Higher Education

Increases

WORKFORCE EDUCATION INVESTMENT ACCOUNT - \$23 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 & APPRENTICESHIPS - \$20.8 MILLION 2019-21 WORKFORCE EDUCATION INVESTMENT ACCOUNT (\$59.6 MILLION 2021-23)

Funding is provided for Washington College Grant maintenance level adjustments based on the February 2020 caseload forecast (\$14.8 million) and apprenticeship awards (\$6 million), which take effect on July 1, 2020 (FY 2021).

JOB SKILLS PROGRAM - \$2.4 MILLION 2019-21

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

UNIVERSITY OF WASHINGTON ONE-TIME PAYMENTS - \$7.0 MILLION 2019-21 (One-Time)

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

Savings or Decreases

GUIDED PATHWAYS - \$18.1 MILLION REDUCTION 2019-21 WORKFORCE EDUCATION INVESTMENT ACCOUNT

Funding appropriated for the expansion of the Guided Pathways initiative is reduced one-time in FY 2021.

NURSE EDUCATOR SALARY INCREASE - \$4.2 MILLION SAVINGS 2019-21 WORKFORCE EDUCATION INVESTMENT ACCOUNT

One-time savings is assumed from the underspending of funds appropriated to increase nurse educator salaries in FY 2020.

Health Care

Increases

MANAGED CARE RATE ADJUSTMENT - \$60.6 million 2019-21 (\$253 million 2021-23)

Funding is provided on an ongoing basis for anticipated rate growth in the second year of the biennium.

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.

FOUNDATIONAL PUBLIC HEALTH - \$22 MILLION OTHER FUNDS 2019-21 (\$22 MILLION OTHER FUNDS 2021-23)

Funding is provided for Foundational Public Health Services to address communicable disease, environmental health, and assessment and support activities for these areas.

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

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

POSTPARTUM COVERAGE - \$3.7 million 2019-21 (\$21.2 million 2021-23)

Funding is provided to extend postpartum coverage for pregnant and parenting persons up to 193 percent of the federal poverty level from 60 days to one year.

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.

2019 CORONAVIRUS OUTBREAK RESPONSE - \$5 MILLION 2019-21

One-time funding is provided to cover the costs associated with the 2019 novel coronavirus outbreak, to include the establishment of a dedicated call center and the monitoring of known cases within the state. One-time funding is also provided to support the efforts of the Local Health Jurisdictions.

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.

Long-Term Care, Developmental Disabilities

Increases

NURSING HOMES - \$33.7 MILLION 2019-21 (\$70.4 MILLION 2021-23)

Funding is provided for temporary inflationary increases to Medicaid direct and indirect care rates beginning in May 2020 through June 2023 (\$24.2 million in 2019-21, \$46.1 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 - \$8.5 MILLION 2019-21 (\$29.7 MILLION 2021-23)

Funding is provided to implement 2SSB 6275 (postacute care) which includes additional resources for DSHS to complete its assessment and eligibility determination no later than 10 business days after receiving the preassessment from the hospital, and to develop specialty contracts in order to prioritize the transition of patients with long lengths of stays to community settings.

COMMUNITY RESIDENTIAL RATE - \$4.9 MILLION 2019-21 (\$22.8 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 3.0 percent effective January 1, 2021.

CONSUMER DIRECTED EMPLOYER - \$2.6 MILLION 2019-21 (\$53.3 MILLION 2021-23)

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

AAA CASE MANAGEMENT - \$1.5 MILLION 2019-21 (\$2.9 MILLION 2021-23)

Funding is provided for 23 Area Agencies on Aging (AAA) case managers to serve in-home clients with mental health needs.

DEVELOPMENTAL DISABILITY BUDGETING - \$1.4 MILLION 2019-21 (\$2.4 MILLION 2021-23)

Pursuant to ESSB 6040 (developmental disability budgeting), funding is provided to serve an additional 300 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 (\$50 MILLION 2021-23)

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. In addition, a total of \$50 million in FY 2023 is provided as a reserve to fund additional state-operated living alternative placements in anticipation of recommendations that result from this task force.

Economic Services

Increases

REDUCE WORKFIRST SANCTIONS - \$1.5 million 19-21 (\$12.0 million 21-23)

Funding is provided for the implementation of 2SSB 6478 (economic assistance programs), which revises sanction policies in the WorkFirst program to allow noncompliant recipients to receive the full grant for two months, followed by a reduced grant for up to 12 months.

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

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 - \$27.4 million 19-21 (\$52.3 million 21-23)

Funding is provided to increase Working Connections Child Care (WCCC) subsidy rates to the 67th percentile of market at a Level 3 quality of care; to reduce WCCC copays to the lesser of 12 percent of income or the current copay; to allow families in the program to maintain eligibility up to 250 percent of the federal poverty guidelines; and other initiatives.

EARLY LEARNING ENHANCEMENTS - \$5.9 million 19-21 (\$10.8 million 21-23)

Funding is provided to increase Early Childhood Education and Assistance Program (ECEAP) provider rates by 2 percent beginning in fiscal year 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 - \$13.2 million 19-21 (\$18.5 million 21-23)

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.

INFANT TODDLER PROGRAM TRANSFER - \$85.4 MILLION 2019-21 REDUCTION (\$239 MILLION REDUCTION IN 2021-23)

Beginning in fiscal year 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 - \$6.5 MILLION 2019-21 (\$8.1 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.

Corrections & Other Criminal Justice

Increases

STAFFING MODEL RECOMMENDATIONS - \$7.7 MILLION 2019-21 (\$35.1 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 DEPENDANCY 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.

Other Human Services

Increases

HOMLESSNESS AND HOUSING SUPPORT - \$115 MILLION 2019-21 (\$9 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 (\$66 million); an increase in Essential Needs and Housing funding (\$27 million), and; permanent supportive housing grants (\$15 million). Ongoing funding is provided for other items intended to reduce homelessness and housing instability, including diversion services and reducing grant penalties for supplied shelter.

Natural Resources

Increases

CLIMATE RESILIENCY - \$100 MILLION 2019-21

Funding is provided to the Office of Financial Management to consult with natural resource agencies of the state in order 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 - \$20.6 MILLION 2019-21

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

OPERATING BUDGET SUPPORT: DEPARTMENT OF FISH AND WILDLIFE - \$12.9 MILLION 2019-21 (\$25.9 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.

LOCAL SOLID WASTE FINANCIAL ASSISTANCE - \$9 MILLION (\$18 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 \$28 million per biennium.

OPERATING BUDGET SUPPORT: PARKS AND RECREATION COMMISSION - \$3.3 MILLION 2019-21 (\$6.6 MILLION 2021-23)

State general fund is provided to support operating 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 - \$1.8 MILLION 2019-21, \$8.8 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 (\$1.8 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.

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

PLAN 1 RETIREE BENEFIT INCREASES - \$14.9 MILLION 2019-21 (\$46.7 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 Substitute Senate Bill (SSB) 5400.

EMPLOYEE BENEFITS RATE - \$2.3 MILLION 2019-21 (\$4.6 MILLION IN 2021-23)

Funding is provided for an increase in the public employees' benefits rates in fiscal year 2021 from \$976 per employee per month to \$980.

CENTRAL SERVICE – \$15.9 MILLION 2019-21 (\$32.2 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, the Department of Enterprise Services, and the Office of Financial Management. This includes charges for the One Washington project for the replacement of the core financials – agency financial reporting system.

INFORMATION TECHNOLOGY POOL - \$12.7 MILLION 2019-21

Funding is provided for information technology projects. This includes 17 discreet projects that must follow oversight requirements as outlined in section 701.

Revenue-Related Bills

**Revenue Legislation
PSSB 6168 Senate Chair
Funds Subject to Outlook
(Dollars in Millions)**

| | 2019-21 | 2021-23 | 4 Yr |
|---|--------------|-------------|-------------|
| Revenue Legislation | | | |
| 5323 Plastic Bags | 3.6 | 8.0 | 11.6 |
| 6331 Captive Insurers | 1.5 | 45.5 | 47.0 |
| 6639 Government-funded Behavioral Health Care | -4.1 | -9.0 | -13.1 |
| 5147 Feminine Hygiene Products | -4.1 | -9.4 | -13.6 |
| 6601 Tribal Tax Compacts | -4.1 | -8.5 | -12.7 |
| 6068 - Large Private Aircraft | 0.0 | -6.4 | -6.4 |
| 6012 Hydroelectric Turbines | -1.7 | -4.1 | -5.8 |
| 6654 Dealer Cash Incentives | -0.7 | -3.8 | -4.6 |
| 6172 BPA Ratepayer Assistance | -0.6 | -1.3 | -1.9 |
| MSA Diligent Enforcement | 0.0 | 16.3 | 16.3 |
| Total | -10.3 | 27.2 | 16.9 |

Increases

PLASTIC BAGS - \$3.6 MILLION INCREASE IN 19-21 (\$8.0 MILLION INCREASE IN 21-23)

ESSB 5323 prohibits a retailer from providing to customers single-use plastic bags, 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 - \$1.5 MILLION INCREASE IN 19-21 (\$45.5 MILLION INCREASE IN 21-23)

SSB 6331 limits the ability to independently procure insurance in this state to exempt commercial purchasers and captive insurance companies; requires exempt commercial purchasers who independently procure insurance to file with the Office of the Insurance Commissioner (OIC) and pay a tax on property and casualty insurance premiums; and requires captive insurance companies to register with the OIC and pay a tax on insurance premiums on their Washington state risk.

B&O TAX/WORKFORCE EDUCATION - \$29.6 MILLION DECREASE IN 19-21 (\$234.3 MILLION INCREASE IN 21-23)

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 business and occupation (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.

Savings or Decreases

BEHAVIORAL HEALTH/B&O TAX - \$4.1 MILLION DECREASE IN 19-21 (\$9.0 MILLION DECREASE IN 21-23)

Senate Bill (SB) 6639 reauthorizes and makes permanent the B&O tax deduction for behavioral health organizations.

FEMININE HYGIENE PRODUCTS TAX - \$4.1 MILLION DECREASE IN 19-21 (\$9.4 MILLION DECREASE IN 21-23)

SB 5147 permanently exempts feminine hygiene products from the retail sales and use tax.

INDIAN TRIBES COMPACT/ TAXES - \$4.1 MILLION DECREASE IN 19-21 (\$8.5 MILLION DECREASE IN 21-23)

SSB 6601 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.

PRIVATE AIRPLANES/SALES TAX - \$0.0 MILLION DECREASE IN 19-21 (\$6.4 MILLION DECREASE IN 21-23)

SSB 6068 extends by 10 years several tax preferences and an aircraft registration exemption for large, nonresident-owned private airplanes undergoing modification work in Washington.

RENEWABLE ENERGY INCENTIVES - \$1.7 MILLION DECREASE IN 19-21 (\$4.1 MILLION DECREASE IN 21-23)

ESSB 6012 provides a ten-year sales and use tax exemption for oil-free adjustable blade hubs for hydroelectric turbines and related labor and services.

AUTO DEALERS CASH INCENTIVE DISCOUNTS - \$736,000 DECREASE IN 19-21 (\$3.8 MILLION DECREASE IN 21-23)

SB 6654 creates a permanent B&O tax deduction for qualified dealer cash incentives received by auto dealers.

BPA RATEPAYER ASSIST/B&O TAX - \$600,000 DECREASE IN 19-21 (\$1.3 MILLION DECREASE IN 21-23)

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.

Fund Transfers & Budget-Driven Revenue

(Near GF-S & Opp Pathways in Millions)

| Proposed Transfers | 2019-21 | 2021-23 |
|---|----------------|----------------|
| <i>From the General Fund</i> | | |
| Multimodal Transportation Account | (25.0) | |
| Home Security Fund Account | (4.5) | (9.0) |
| Fund Transfers from the General Fund | (29.5) | (9.0) |
| <i>To the General Fund</i> | | |
| Disaster Response Account | | 2.7 |
| Fund Transfers to the General Fund | 0.0 | 2.7 |
| Fund Transfers Total: | (29.5) | (6.3) |

| Budget Driven Revenue | 2019-21 | 2021-23 |
|-------------------------------------|----------------|----------------|
| Liquor Control Board (Liquor) | (2.4) | (1.1) |
| Lottery | (0.0) | (0.5) |
| Marijuana Distribution | 25.9 | 7.6 |
| Budget Driven Revenue Total: | 23.5 | 6.1 |

Senate Budget Summary

2019-21 Omnibus Operating Budget -- 2020 Supplemental

PSSB 6168 Senate Chair

Funds Subject to Outlook

(Dollars In Thousands)

| | 2019-21 | | 4-Yr Total |
|--|----------------|---------------|-----------------|
| | NGF-O | Total | NGF-O |
| <i>State Employee Compensation (Excl. Higher Ed.)</i> | | | |
| PERS & TRS Plan 1 Benefit Increase | 14,990 | 17,406 | 61,703 |
| 2019-21 Biennial Compensation Adjustments | 6,575 | 8,334 | 19,725 |
| PEBB Rate | 2,289 | 5,106 | 6,867 |
| Other Increases | 794 | 1,801 | 3,181 |
| AWAAG-WFSE Collective Bargaining | 751 | 5,592 | 2,253 |
| Adopt Actuary's Recommendations | 0 | 0 | 88,714 |
| <i>State Employee Compensation (Excl. Higher Ed.) Total</i> | 25,399 | 38,239 | 182,443 |
| <i>K-12 Education</i> | | | |
| Local Effort Assistance Hold Harmless | 45,763 | 45,763 | 45,763 |
| Pupil Transportation | 41,259 | 41,259 | 54,738 |
| Special Education | 21,151 | 21,151 | 107,144 |
| Paraeducator Training | 12,587 | 12,587 | 26,001 |
| Other Increases | 4,877 | 9,831 | 10,649 |
| Student Mental Health & Safety | 2,552 | 2,552 | 7,622 |
| Institutional Funding | 762 | 762 | 2,891 |
| SEBB Rate | -54,760 | -54,760 | -198,303 |
| ESIT Program Transfer | -85,380 | -85,380 | -324,402 |
| <i>K-12 Education Total</i> | -11,189 | -6,235 | -267,896 |
| <i>Higher Education Institutions (Incl Employee Comp)</i> | | | |
| UW Specific Salary Items/2020 | 6,963 | 7,154 | 6,963 |
| Job Skills Program | 2,443 | 2,443 | 2,443 |
| Other Increases | 1,198 | 3,072 | 3,022 |
| Higher Education Common Application | 1,003 | 1,003 | 1,426 |
| Soil Health Initiative | 788 | 788 | 2,867 |
| Delayed Program Implementation Savings | 0 | -22,274 | 0 |

| | | | |
|---|--------------|----------------|------------|
| UW Specific Salary Items/2019 | -6,963 | -69,086 | -16,559 |
| Higher Education Institutions (Incl Employee Comp) | 5,432 | -76,900 | 161 |

Higher Education Financial Aid

| | | | |
|---|---------------|---------------|---------------|
| Workforce Education Investment Acct | 22,956 | 22,956 | 22,956 |
| Opportunity Scholarship State Match | 2,000 | 2,000 | 2,000 |
| Other Increases | 1,053 | 2,553 | 3,593 |
| WA College Grant Apprenticeships | 0 | 6,000 | 0 |
| Higher Education Financial Aid Total | 26,009 | 33,509 | 28,549 |

Children, Youth, & Families

| | | | |
|--|----------------|----------------|----------------|
| ESIT Program Transfer | 85,380 | 85,380 | 324,402 |
| Child Care Rates & Initiatives | 27,374 | 27,374 | 79,679 |
| Federal Title IV E - Funding Shortfall | 17,774 | 17,774 | 17,774 |
| WCCC Funding Adjustment | 15,548 | 15,548 | 36,282 |
| Complex Youth Placements | 13,243 | 17,362 | 31,723 |
| Fund Shifts | 12,880 | 0 | 3,612 |
| Other Increases | 9,212 | 15,438 | 22,736 |
| Foster Care Rates & Initiatives | 7,274 | 9,721 | 20,686 |
| Juvenile Rehabilitation to 25 | 6,531 | 6,531 | 14,680 |
| Settlement Agreement | 6,500 | 6,500 | 6,500 |
| ECEAP/Early Learning Rates & Initiatives | 5,894 | 5,894 | 16,687 |
| Other Savings | -1,783 | -1,783 | -2,286 |
| Children, Youth, & Families Total | 205,827 | 205,739 | 572,475 |

Health Care

| | | | |
|-------------------------------------|--------|---------|---------|
| Managed Care Rates | 60,600 | 227,700 | 313,609 |
| Rural Health Clinic Reconciliation | 34,145 | 40,043 | 34,145 |
| Restore Program Integrity Savings | 32,030 | 124,996 | 32,030 |
| Other Increases | 12,040 | 84,188 | 24,557 |
| Foundational Public Health | 10,568 | 20,568 | 20,137 |
| Primary Care Physician Rates | 9,922 | 28,994 | 51,347 |
| Title X Program Funding Replacement | 8,400 | 8,400 | 16,853 |
| Andy Hill Cancer Research Endowment | 6,022 | 7,476 | 10,760 |
| Postpartum Coverage | 3,830 | 3,830 | 25,228 |
| DOH: Other Increases | 3,555 | 15,780 | 7,182 |
| Home Health Rates | 2,193 | 4,336 | 13,150 |
| CHIP Coverage | 991 | 1,982 | 6,981 |
| Other Savings | 0 | -13 | -2,988 |
| Appropriation Authority Adjustment | 0 | -56,524 | 0 |

| | | | |
|--|----------------|----------------|----------------|
| Low Income Health Care I-502 | -40,637 | 0 | -97,924 |
| <i>Health Care Total</i> | 143,659 | 511,756 | 455,068 |
| <i>Behavioral Health</i> | | | |
| UW Behavioral Health Hospital Funds | 100,000 | 100,000 | 100,000 |
| State Hospital Operations | 38,380 | 38,380 | 148,259 |
| Behavioral Health Organization Rates | 25,000 | 75,000 | 129,377 |
| Other Increases | 8,063 | 11,253 | 13,574 |
| Non-Medicaid Crisis Services | 2,537 | 2,537 | 2,537 |
| Intensive Outpatient Treatment Programs | 1,935 | 5,229 | 10,012 |
| Involuntary Treatment Act | 1,333 | 4,097 | 6,619 |
| <i>Behavioral Health Total</i> | 177,248 | 236,496 | 410,377 |
| <i>Long Term Care & DD</i> | | | |
| Nursing Home Rate Increase | 24,163 | 48,326 | 70,280 |
| Restore NH Discharge Reduction | 9,489 | 17,702 | 33,823 |
| Postacute Care | 8,653 | 17,200 | 38,367 |
| Other Increases | 5,490 | 8,912 | 53,413 |
| Enhance Community Residential Rate | 4,870 | 9,613 | 27,629 |
| Consumer Directed Employer Program | 2,679 | 3,424 | 55,969 |
| AAA Case Management | 1,456 | 2,939 | 4,512 |
| SOLA Placements | 0 | 0 | 50,000 |
| <i>Long Term Care & DD Total</i> | 56,800 | 108,116 | 333,993 |
| <i>Corrections and Other Criminal Justice</i> | | | |
| Other Increases | 9,174 | 9,940 | 16,124 |
| Staffing Model Recommendations | 7,658 | 7,658 | 42,790 |
| Other Staffing Increases | 2,676 | 2,676 | 5,734 |
| Chemical Dependency Bed Expansion | 2,162 | 2,162 | 5,367 |
| Impaired Driving | 1,974 | 1,974 | 7,932 |
| Body Scanners | 1,421 | 1,421 | 5,659 |
| Tolling Centralization | 1,266 | 1,266 | 3,849 |
| Concurrent Community Custody | -11,982 | -11,982 | -36,690 |
| <i>Corrections and Other Criminal Justice Total</i> | 14,349 | 15,115 | 50,764 |
| <i>Other Human Services</i> | | | |
| Housing & Homelessness | 115,274 | 116,782 | 124,614 |
| Other Increases | 1,783 | 3,511 | 2,468 |
| Economic Assistance Programs | 1,523 | 1,523 | 13,498 |
| Child Support Pass-Through | 1,121 | 2,228 | 5,508 |
| Other Savings | -248 | -746 | -248 |

| | | | |
|--|----------------|------------------|------------------|
| Fund Shifts | -370 | 7,830 | -664 |
| WorkFirst Adjustments | -8,444 | -2,944 | -8,444 |
| <i>Other Human Services Total</i> | 110,639 | 128,184 | 136,732 |
| <i>Natural Resources</i> | | | |
| Climate Resiliency Funding | 100,000 | 100,000 | 100,000 |
| Fire Suppression | 20,626 | 20,626 | 20,626 |
| WDFW Increases | 20,446 | 15,227 | 46,789 |
| Parks & Recreation Increases | 5,187 | 6,905 | 15,323 |
| Fund Shifts | 5,082 | 0 | 5,082 |
| Other Increases | 4,963 | 9,304 | 9,480 |
| Ecology: Other Increases | 3,302 | 16,914 | 4,693 |
| Carbon Emissions Initiatives | 2,436 | 1,811 | 5,427 |
| DNR: Other Increases | 1,793 | 2,304 | 5,027 |
| Local Solid Waste Financial Asst | 0 | 9,000 | 0 |
| Return Litter Tax Revenue | 0 | -1,250 | 0 |
| <i>Natural Resources Total</i> | 163,835 | 180,841 | 212,446 |
| <i>All Other Policy Changes</i> | | | |
| Other Increases | 16,075 | 37,113 | 29,056 |
| Central Services | 15,883 | 32,249 | 48,121 |
| Disaster Preparedness & Response | 15,599 | 75,136 | 16,044 |
| IT Pool | 12,745 | 33,144 | 12,745 |
| ADO: Fund Swap | 5,000 | 0 | 10,032 |
| Other IT & Related Items | 4,581 | 5,231 | 13,624 |
| Judicial: All Other Increases | 4,114 | 4,114 | 13,597 |
| Tribal Compact | 2,981 | 2,981 | 4,740 |
| Election Security Grant | 1,800 | 10,600 | 1,800 |
| Electric Vehicle Charging Stations | 1,000 | 1,000 | 1,000 |
| 2019 Revenue Legislation Funding | 654 | 654 | 2,045 |
| L&I: Other Increases | 75 | 8,430 | 75 |
| Paid Family Medical Leave | 0 | 37,908 | 0 |
| OneWashington | 0 | 20,065 | 30,189 |
| Other Savings | -1,391 | -5,067 | -4,316 |
| <i>All Other Policy Changes Total</i> | 79,116 | 263,558 | 178,751 |
| Grand Total | 997,124 | 1,638,418 | 2,293,863 |

NGF-O = GF-S + ELT + OpPath