

Proposed 2024 Supplemental Budget

OPERATING BUDGET

Budget Summary

PSHB 2104

H-3315/24

By Representative Ormsby

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OFFICE of
PROGRAM RESEARCH
WASHINGTON STATE
HOUSE OF REPRESENTATIVES

Summary

The 2023-25 Biennial Budget

In April 2023, The Legislature adopted a budget for the 2023-25 biennium. After the Governor's vetoes and lapses are taken into account, the budgeted amounts are \$69.8 billion Near General Fund-Outlook (NGF-O) and \$133.6 billion total budgeted funds.

As adopted by the Economic and Revenue Forecast Council (ERFC), the enacted budget has a projected NGF-O ending balance of \$1.4 billion for 2023-25 and \$23.0 million at the end of the 2025-27 biennium.

Revenue Updates

Since the March 2023 revenue forecast on which the enacted 2023-25 biennial budget is based, NGF-O revenue has increased from \$65.8 billion to \$67.0 billion over the two-year period as of the February 2024 revenue forecast, including the impact of assumed revenue legislation in Proposed Substitute House Bill (PSHB) 2104.

Applying the 4.5 percent revenue growth assumption under the four-year balanced budget methodology to the February 2024 revenue forecast leads to a projection of \$72.8 billion NGF-O revenues in the 2025-27 biennium, also known as the Outlook biennium, in comparison to the \$71.5 billion NGF-O assumed for the 2025-27 biennium as of the enacted 2023-25 biennial budget.

Proposed Substitute House Bill 2104 by Chair Ormsby

Description of Summary and Detail Documents for PSHB 2104

Summary and detail documents related to PSHB 2104 describe spending from NGF-O accounts and total budgeted funds. NGF-O accounts subject to the four-year balanced budget requirement are the General Fund-State, the Education Legacy Trust Account, the Opportunity Pathways Account, and the Workforce Investment Education Account. Total budgeted funds include expenditures from NGF-O accounts in addition to all other budgeted funds.

Below this initial summary, this document includes a four-page report that lists major policy-level spending items in broad categories. Additionally, it includes agency detail documents that list each policy-level budget item and provides a brief description of each.

Expenditure Summary

For the 2023-25 biennium, PSHB 2104 appropriates \$72.0 billion NGF-O and \$140.5 billion total budgeted funds after 2024 supplemental changes. These amounts include a net increase of \$1.1 billion NGF-O and \$3.0 billion total budgeted funds at maintenance level to continue current programs and meet statutory obligations, with the largest NGF-O cost drivers being increases compared to prior forecasts in Medicaid medical assistance caseloads and per-capita costs; the Food Assistance Program caseload; K-12 enrollment and workload; and the mandatory Trueblood case judgement. At policy-level, the focus of this document, NGF-O increases by a net of \$1.1 billion NGF-O and \$3.9 billion total budgeted funds.

Policy-level expenditures contained in PSHB 2104 are described in detail later in this document.

Selected NGF-O Balance Sheet Related Items

The NGF-O balance sheet associated with PSHB 2104 includes the following assumptions for the 2023-25 biennium:

- \$798 million transfer from the Washington Rescue Plan Transition Account (WRPTA) to the General Fund-State in fiscal year (FY) 2025, representing the entire WRPTA balance.
- \$861.4 million in expenditure savings from reversions for the 2023-25 biennium, including the following changes in comparison to the underlying biennial budget:
 - \$229.8 million in FY 2024 and \$246.9 million in FY 2025 from assuming 1.2 percent reversions; these amounts are in lieu of the 0.8 percent reversion assumption for FY 2024 and the 0.5 percent reversion assumption in FY 2025 in the underlying biennial budget.
 - \$44.1 million in savings from larger-than-average K-3 class size reversions.
- In addition to required transfers to the Budget Stabilization Account, a net of \$56.7 million is transferred from the General Fund-State to various dedicated accounts, including \$30.5 million to the Disaster Response Account and \$19.1 million to the Wildfire Response, Forest Restoration, and Community Resilience Account.

2023-25 NGF-O Ending Balance and the Four-Year Outlook

PSHB 2104 leaves a projected ending fund balance for the 2023-25 biennium of \$2.7 billion NGF-O and \$4.0 billion in total reserves, including \$1.3 billion in the Budget Stabilization Account (BSA). In total, these amounts represent 11.7 percent of revenues and other resources.

Under the four-year balanced budget requirement, Chapter 8, Laws of 2012 (SSB 6636), PSHB 2104 is projected to end the 2025-27 biennium with a \$82 million NGF-O balance and \$2.2 billion in total reserves, representing 5.9 percent of revenues and other resources.

Revenue Legislation Impacting the Balance Sheet and Outlook

Chair Ormsby's proposal in PSHB 2104 assumes a net decrease of \$11.1 million NGF-O from revenue legislation in the 2023-25 biennium.

A listing of all legislation impacting revenues and their assumed fiscal impacts, as well as budget driven revenue, is included later in this document.

2023-25 Omnibus Operating Budget -- 2024 Supplemental

PSHB 2104 (H-3315) by Rep. Ormsby

Funds Subject to Outlook

(Dollars in Thousands)

	2023-25		4-Yr Total
	NGF-O	Total	NGF-O
Shifts To/From Capital Budget or Federal Funds			
Shift Programs from Operating to Capital	-252,000	-276,900	-504,000
CSFRF Fund Swap	-160,600	0	-160,600
DSH Payments	-72,814	0	-72,814
FMAP	-40,634	0	-40,634
Shifts To/From Capital Budget or Federal Funds Total	-526,048	-276,900	-778,048
K-12 Education			
K-12: Pupil Transportation & Buses	76,891	76,891	165,758
K-12: Special Education	32,725	33,525	116,097
Materials, Supplies, & Operating Costs	43,608	43,608	94,722
K-12: Student Meals (CEP)	45,190	45,190	90,380
Student Restraint and Isolation (Limitations)	3,678	3,678	15,395
Small District Support	7,586	7,586	7,586
PERS & TRS Plan 1 Benefit Increase	10,397	10,397	37,806
Updated SEBB Rate	24,633	24,633	88,115
Health Benefits	425	425	3,477
Other Savings	-5,200	-5,200	-5,200
Other Increases	14,837	15,742	26,410
K-12 Education Total	254,770	256,475	640,546
Behavioral Health			
Opioid & Other SUD Response and Prevention	42,829	201,661	84,872
Olympic Heritage Behavioral Health	140,146	140,146	295,077
State Hospital Beds, Staffing, & Facility Support	67,733	68,966	113,106
Maple Lane Campus	900	-9,674	12,780
Behavioral Health Personal Care	18,677	33,994	77,960
Behavioral Health Teaching Facility	20,615	21,230	21,858
Trueblood Diversion Programs	8,000	8,000	24,693
Community Behavioral Health Clinics	5,000	5,000	15,433
Long-Term Civil Commitment Beds	-21,836	-68,917	-29,381
Long-Term Civil Commitment Rates	19,652	25,506	57,424
Youth Behavioral Health	9,486	12,105	22,032
PACT Teams	13,783	21,843	32,435
988: Technology & Implementation	0	11,555	0
DSHS RTF - Vancouver Campus	-17,095	-17,095	-16,639
Other Increases	12,551	16,963	26,810
Behavioral Health Total	320,441	471,283	738,459
Housing & Homelessness			
Local Housing Programs & Homelessness Services	71,214	71,214	72,109
Low-Income Household Energy Assistance	0	150,000	0
Housing Vulnerable Populations	10,968	10,968	22,649
Homeownership Support	11,252	11,502	15,622
Other Increases	5,823	6,323	8,134

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(Dollars in Thousands)

	2023-25		4-Yr Total
	NGF-O	Total	NGF-O
<i>Housing & Homelessness Total</i>	99,257	250,007	118,514
<i>Long Term Care & DD</i>			
Lake Burien RTF - Complex Needs	12,318	15,252	31,970
Supported Living Rates	9,992	19,984	30,979
Assisted Living Rates	14,351	31,033	30,557
Employment/Community Inc Rates	4,009	8,017	12,430
Provider Rates & Reimbursements	2,659	5,639	8,086
Caseload Ratio Reduction	1,486	2,630	12,583
WA Cares Fund	0	14,573	0
Program Underspend	-29,484	-35,179	-29,484
Transitional Care Center	-8,833	-17,879	-13,458
Other Increases	5,240	9,010	7,246
<i>Long Term Care & DD Total</i>	11,738	53,080	90,908
<i>Health Care & Public Health</i>			
Restore Program Integrity Savings	107,000	345,000	255,150
Health Care for Uninsured Adults	28,382	28,382	34,585
Provider Rates & Reimbursements	15,406	25,116	31,073
Public Health Data Systems	16,029	29,029	16,099
Cascade Care Savings Program	0	15,000	0
Electronic Health Records	13,565	13,565	13,565
Medicaid Transformation Project	50	269,556	50
Apple Health	8,126	17,306	9,191
Health Care: Other Increases	5,144	12,814	10,546
Public Health: Other Increases	13,121	28,014	24,449
Other Savings	-482	-1	-995
<i>Health Care & Public Health Total</i>	206,341	783,781	393,713
<i>Natural Resources</i>			
Forest Health & Wildfire Protection	30,196	71,602	32,080
WA Farm and Ag Support	0	30,000	0
Energy & Climate	9,119	63,335	13,286
Salmon Production, Habitat, & Recovery	8,110	21,430	18,754
Water Quality/Availability	1,910	22,263	3,080
Federal Funding Adjustment	0	68,932	0
Electric Vehicle Mapping	-9,000	-9,000	-23,560
Other Increases	23,104	39,720	33,149
Other Savings	-481	-1,226	-481
<i>Natural Resources Total</i>	62,958	307,056	76,308
<i>Higher Education</i>			
UW Hospital Support	50,000	50,000	50,000
STEM & Related Fields	2,411	2,411	9,532
Health Care Workforce/Training	4,474	73,789	15,482

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Funds Subject to Outlook

(Dollars in Thousands)

	2023-25		4-Yr Total
	NGF-O	Total	NGF-O
College Grant Award Levels	0	0	31,591
Collective-Bargaining Agreements	2,885	5,129	7,915
Other Increases	9,903	10,463	17,687
Higher Education Total	69,673	141,792	132,207
Children, Youth, & Families			
Provider Rates & Reimbursements	17,854	25,779	58,684
Early Support for Infants & Toddlers	5,093	5,093	15,279
Echo Glen Security & Cottages	21,466	21,466	26,954
DCYF: Child Care	3,576	13,023	20,653
Case Management System	10,000	20,000	10,000
D.S. Settlement Compliance	4,746	5,397	9,770
Independent Living & Transitions to Adulthood	2,886	3,089	7,274
Federal Funding Adjustment	0	47,600	0
Other Increases	13,272	15,254	24,849
Other Savings	-9,998	-10,024	-9,958
Children, Youth, & Families Total	68,895	146,677	163,505
Corrections and Other Criminal Justice			
Resentencing & Reentry Support	12,178	12,178	30,642
Law Enforcement Academy Cost Share	4,446	0	13,338
Community Supervision	3,481	3,481	15,651
Reduce Solitary Confinement	2,513	2,513	7,655
Criminal Justice Training & Certification	3,553	4,295	8,939
Office of Independent Investigations	4,501	4,501	13,831
Collaboration & Training (Amend Program)	3,121	3,121	12,316
DRW Settlement	9,174	9,174	17,653
Other Increases	59,823	65,406	94,623
Corrections and Other Criminal Justice Total	102,790	104,669	214,648
Other Human Services			
Refugee, Immigrant, and Non-Citizen Supports	35,220	35,220	36,353
Food Assistance & Related	39,102	73,127	49,888
Client Benefit Eligibility & Access (IT)	26,636	61,582	41,133
TANF Time Limit	1,060	1,060	3,404
Child Support Pass-Through	407	407	17,674
Community Services Wait Times	9,141	14,011	16,190
Other Increases	10,727	23,167	15,250
Other Human Services Total	122,293	208,574	179,893
State Employee Compensation (Excl. Higher Ed.)			
Agency Specific Salary Items	15,297	19,657	31,296
PERS & TRS Plan 1 Benefit Increase	2,230	4,525	7,616
Collective-Bargaining Agreements	1,647	1,800	1,647
Pension Contribution Rates	160	293	545

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Funds Subject to Outlook

(Dollars in Thousands)

	2023-25		4-Yr Total
	NGF-O	Total	NGF-O
Updated PEBB Rate	-14,096	-30,339	-42,288
Other Increases	61	61	228
<i>State Employee Compensation (Excl. Higher Ed.) Total</i>	5,299	-4,003	-956
<i>All Other Policy Changes</i>			
Disaster Response, Recovery, & Assistance	9,926	734,043	11,253
Information Technology	33,239	89,881	53,629
OneWashington	1,135	103,098	1,266
Central Services: OFM	57,989	84,630	116,085
Central Services: All Other	7,646	16,941	17,349
Digital Equity/Literacy & Broadband Access	9,265	9,265	20,649
Federal Funding Adjustment	0	292,413	0
Apprenticeships & Supports	9,588	10,198	13,477
Economic Development	5,096	14,596	9,494
Cannabis Revenue Changes	55,865	-119	127,304
Judicial: Other Increases	9,769	15,479	13,785
Paid Family Med Leave Ins Acct	0	724	0
Appropriations into Other Accounts	30,461	33,461	10,461
Other Increases	35,637	91,125	57,139
Other Savings	0	-354	0
<i>All Other Policy Changes Total</i>	265,616	1,495,381	451,890
Grand Total	1,064,023	3,937,872	2,421,586

NGF-O = GF-S + ELT + OpPath + Wkfrc Educ Invest + Fair Start for Kids

K-12 EDUCATION

Increases

Special Education Enhancements (\$32.3 million NGF-O 2023-25; \$32.3 million Total 2023-25; \$114.9 million 4-year NGF-O)

Funding is provided for an increase to the funded enrollment limit for students eligible for special education from 15 percent to 17.25 percent, as required in Substitute House Bill 2180 (Special education cap). Additionally, funding is provided for cohorts of special education teacher residents to participate in training, coursework, and classroom co-teaching with mentor teachers.

Maintenance, Supplies, and Operating Costs (\$43.4 million NGF-O 2023-25; \$43.4 million Total 2023-25; \$94.7 million 4-year NGF-O)

Per pupil rates for maintenance, supplies, and operating costs (MSOCs) are increased by \$21 beginning in the current 2023-24 school year, as required under Engrossed Substitute House Bill 2494 (School operating costs). The categories of MSOCs increased are utilities and insurance, instructional professional development, and security and central office.

Community Eligibility Provision (\$41.2 million NGF-O 2023-25; \$41.2 million Total 2023-25; \$90.4 million 4-year NGF-O)

Funding is provided for additional reimbursements to schools participating in the Community Eligibility Provisions program for school meals not reimbursed at the federal free meal rate.

Transportation Actuals for 2023-24 (\$76.9 million NGF-O 2023-25; \$76.9 million Total 2023-25; \$165.8 million 4-year NGF-O)

Appropriations are increased to reflect updated 2023-24 school year transportation allocations calculated by the Office of the Superintendent of Public Instruction in February of this year, which are above the estimated amounts assumed through January.

Student Restraint and Isolation (\$3.7 million NGF-O 2023-25; \$3.7 million Total 2023-25; \$15.4 million 4-year NGF-O)

Funding is provided for the implementation of Engrossed Fourth Substitute House Bill 1479 (Student restraint, isolation), which: limits restraint and isolation of students; and establishes state compliance monitoring and support, including, subject to appropriation, trainings and coaching services.

HIGHER EDUCATION

Increases

University of Washington Hospital Support (\$50 million NGF-O 2023-25, \$50 million Total 2023-25; \$50 million 4-year NGF-O)

Funding is provided to support operations at the University of Washington's Medical Center and Harborview Medical Center.

Behavioral Health Teaching Facility (\$20 million NGF-O 2023-25, \$20 million Total 2023-25; \$20 million 4-year NGF-O)

Funding is provided to support operations at the University of Washington Behavioral Health Teaching Facility.

New Enrollments/Programs (\$4.1 million NGF-O 2023-25; \$4.1 million Total 2023-25; \$13.8 million 4-year NGF-O)

Funding is provided for additional enrollments in dentistry at the University of Washington, computer science at community and technical colleges, and electrical and computer engineering at Western Washington University.

Student Support (\$4.6 million NGF-O 2023-25; \$5.3 million Total 2023-25; \$12.0 million 4-year NGF-O)

Funding is provided for additional financial aid, benefit navigator, and student advocacy positions to facilitate access and awareness of programs offered. Funding is also provided for the expansion of existing educational programming for refugees and immigrants.

HEALTH CARE

Increases

Health Care for Uninsured Adults (\$28.4 million NGF-O 2023-25; \$34.6 million 4-year NGF-O)

Funding is provided to the Health Care Authority (HCA), the Health Benefit Exchange, and the Department of Social and Health Services for the expansion of Medicaid-equivalent health care coverage for uninsured adults with income up to 138 percent of the federal poverty level, regardless of immigration status. This coverage begins July 1, 2024.

Graduate Medical Education Direct Payments (\$69.0 million Total 2023-25)

Funding is provided for HCA to create and implement multi-disciplinary and family medicine graduate medical education (GME) direct payment programs in cooperation with the University of Washington Medicine and Family Medicine Residency Network to supplement family medicine provider GME programs.

Program Integrity (\$107 million NGF-O 2023-25; \$345 million Total 2023-25; \$255million 4-year NGF-O)

Program integrity activities are designed to support appropriate spending of state and federal dollars and to prevent fraud and waste. The 2023-25 budget assumed a total biennial savings of \$460 million from program integrity activities, which will not be realized. Ongoing funding is provided to restore the assumed biennial savings.

BEHAVIORAL HEALTH

Increases

Olympic Heritage Behavioral Health Facility (\$139 million NGF-O 2023-25; \$139 million Total 2023-25; \$294 million 4-year NGF-O)

Funding is provided for the operation of 112 civil beds at the Olympic Heritage Behavioral Health facility, including for the operation of 72 beds by the Department of Social and Health Services (DSHS) for civil conversion patients and for the community operation of 40 beds contracted by the Health Care Authority (HCA).

Maple Lane Campus (\$900,000 NGF-O 2023-25; \$9.7 million Total 2023-25 savings; \$12.8 million 4-year NGF-O)

Funding is adjusted for the continued operation of the Maple Lane Residential Treatment Facility campus. Adjustments include: 1) backfilling unavailable federal funding assumed for DSHS in the 2023-25 biennial operating budget; 2) savings to account for DSHS delays in opening the Columbia and Chelan cottages; and 3) the removal of funding provided for HCA in the 2023-25 biennial operating budget to contract for the operation of beds that will now be fully operated by DSHS.

Forensic Beds at Western and Eastern State Hospitals (\$29.8 million NGF-O 2023-25; \$31.1 million Total 2023-25; \$71.2 million 4-year NGF-O)

Funding is provided to add 30 forensic beds at Western State Hospital (WSH) and eight forensic beds at Eastern State Hospital (ESH).

Clinical Contracted Staffing (\$31.2 million NGF-O 2023-25, \$31.2 million Total 2023-25; \$31.2 million 4-year NGF-O)

Funding is provided for increased contracted nursing staff at WSH and ESH.

1915i State Plan Amendment (\$18.7 million NGF-O; \$55.4 million Total 2023-25; \$78.0 million 4-Year NGF-O)

Funding is provided to implement supportive supervision and oversight, and skills development and restoration services through a 1915i Medicaid state plan amendment. Individuals currently receiving behavioral health personal care services in adult family homes and other long-term care settings will begin a phased transition to the new services in July 2024. A tiered rate enhancement will be used to compensate providers for the additional costs of providing the new state plan amendment services.

Community Long-Term Involuntary Treatment Rates (\$19.7 million NGF-O; \$25.5 million Total 2023-25; \$57.4 million 4-Year NGF-O)

Funding is provided to increase the rates for freestanding psychiatric hospitals and evaluation and treatment centers that provide civil long-term involuntary inpatient services to \$1,250 per day. A \$500 rate enhancement may be paid for individuals with complex behavioral health conditions.

Program for Assertive Community Treatment (\$13.8 million NGF-O; \$21.8 million Total 2023-25; \$32.4 million 4-Year NGF-O)

Funding is provided for two new Program for Assertive Community Treatment (PACT) teams and to increase the average monthly caseload of 21 current PACT teams to levels established by Washington's PACT program standards. A rate increase is provided for current PACT teams and an assessment shall be conducted on the access of young adults to PACT team services and alternative models for providing wraparound services to this population with a report to the Legislature due on December 1, 2024.

Children, Youth, and Young Adults (\$8.7 million NGF-O; \$9.5 million Total 2023-25; \$17.7 million 4-Year NGF-O)

Funding is provided for a variety of activities to improve behavioral health services for children, youth, and young adults. This includes funding for a post-inpatient housing program for young adults, funding to increase stabilization services provided through youth mobile crisis teams, and funding for digital behavioral health services for school aged children.

Certified Community Behavioral Health Centers (\$5.0 million NGF-O; \$5.0 million Total 2023-25; \$15.4 million 4-Year NGF-O)

Funding is provided for grants to Certified Community Behavioral Health Clinics (CCBHCs) that received temporary funding from the federal Substance Abuse and Mental Health Services Administration to continue operating in accordance with the CCBHC model until the services and funding model can be incorporated into the Medicaid program.

Savings

Disproportionate State Hospital (\$72.8 million NGF-O 2023-25 savings; \$0 Total 2023-25; \$72.8 million 4-year NGF-O savings)

Payments made to states under the Disproportionate Share Hospital (DSH) grant program are intended to offset the costs of uncompensated care for Medicaid and uninsured patients. Savings are achieved from an assumed continued delay in the expiration of the DSH payments.

Community Long-Term Involuntary Treatment Beds (\$23.6 million NGF-O savings; \$70.7 million Total 2023-25 savings; \$34.9 million 4-Year NGF-O savings)

Savings are achieved by adjusting funding to align with projected expenditures for individuals in community long-term involuntary treatment beds. Reductions are a result of removing funding for providers that decided not to contract for services and updating funding models for contractor delays in the opening of new beds.

OPIOID & OTHER SUBSTANCE USE DISORDER RESPONSE AND PREVENTION

Increases

Access to Treatment & Public Health Supplies (\$11.6 million NGF-O 2023-25; \$19.6 million Total 2023-25; \$19.4 million 4-year NGF-O)

Opioid Abatement Settlement Account funds and NGF-O are provided to increase access to treatment, harm reduction programs, and public health supplies for people with Opioid Use Disorder and other Substance Use Disorder (SUD) issues. Funding provides for distribution of opioid reversal medication, long-acting medications, and mobile and facility-based treatment services, among other increases.

Medication for Opioid Use Disorder Programs for Incarcerated Individuals (\$0.1 million NGF-O 2023-25; \$133.9 million Total 2023-25; \$10.8 million 4-year NGF-O)

Opioid Abatement Settlement Account funds are provided to expand opioid treatment services in Department of Corrections' prisons and to increase Medication for Opioid Use Disorder (MOUD) and Medication-Assisted Alcohol Use Disorder treatment capabilities in contracted jails.

Additionally, as part of the extension of the federal 1115 Medicaid Transformation Project (MTP) waiver through 2027, MOUD services are funded in addition to other health care services for incarcerated individuals re-entering the community.

Public Health & School-Based Outreach, Prevention, & Intervention (\$7.8 million NGF-O 2023-25; \$10.8 million Total 2023-25; \$15.9 million 4-year NGF-O)

Opioid Abatement Settlement Account funds and NGF-O are provided to increase funding for a variety of outreach, prevention, and intervention services in public health settings, K-12 schools, and higher education institutions, including through a rate increase for the contracted Community Prevention and Wellness Initiative and by expanding the Student Assistance Professionals program at Educational Service Districts.

DEPARTMENT OF SOCIAL & HEALTH SERVICES

LONG TERM CARE & DEVELOPMENTAL DISABILITIES

Increases

Complex Kids Residential Treatment Facility (\$12.3 million NGF-O 2023-25; \$15.3 million Total 2023-25; \$32 million 4-year NGF-O)

Funding is provided to support the establishment of a residential treatment facility to provide specialized care for youth with complex needs, such as developmental disabilities and behavioral challenges, to provide individualized care and structured support.

Provider Rate Increases (\$38.6 million NGF-O 2023-25; \$74 million Total 2023-25; \$94.2 million 4-year NGF-O)

Funding is provided for provider rate increases across a variety of services. This includes a 2.3 percent increase in community residential service rates, a 5 percent increase in daily rates for assisted living facilities, an enhancement of the daily rate add-on for assisted living facilities with high Medicaid occupancy, and a rate adjustment for specialty dementia care. Additionally, there are rate increases for supported employment and community inclusion services.

Caseload Ratio Reduction (\$1.5 million NGF-O 2023-25; \$2.6 million Total 2023-25; \$12.6 million 4-year NGF-O)

Funding is provided to hire 36 case managers and supervisors by FY 2025, aiming to reduce the client-to-case manager ratio from 75 to 70 by the end of FY 2025, and further to 61 by FY 2027.

Savings

Program Underspend (\$29.5 million NGF-O 2023-25 savings; \$35.2 million Total 2023-25 savings; \$29.5 million 4-year NGF-O savings)

Savings are achieved by capturing anticipated underexpenditures in the employment and day budget unit based on historical utilization.

ECONOMIC SERVICES ADMINISTRATION

Increases

Summer Electronic Benefits Transfer (EBT) Food Benefits (\$12.2 million NGF-O 2023-25; \$24.4 million total 2023-25; \$18.8 million 4-year NGF-O)

Funding is provided for the administrative costs of the new federal Summer Electronic Benefits Transfer (EBT) program, which will provide a food benefit of \$40 per month for each of the three summer months, starting in the summer of 2024. Eligible recipients are school-aged kids who live in families at or below 185 percent of the federal poverty level. Roughly 550,000 kids are expected to receive this new benefit.

Child Support Pass Through (\$407,000 NGF-O 2023-25; \$407,000 Total 2023-25; \$16.7 million 4-year NGF-O)

Funding is provided to pass-through all child support collected on behalf of families in the Temporary Assistance for Needy Families (TANF) program, effective January 1, 2026, per Engrossed Substitute House Bill 1652 (Child support pass through). Child support received will not reduce a families' TANF grant or disqualify them from the program. Currently, families on TANF can receive a maximum of \$50 per month in child support if they have one child, or \$100 per month if they have more than one child.

Automated Client Eligibility System (ACES) Improvements (\$18.6 million NGF-O 2023-25; \$36.6 million Total 2023-25; \$32.4 million 4-year NGF-O)

Funding is provided for improvements to the Automated Client Eligibility System (ACES) eligibility determination system. ACES helps calculate eligibility and benefit amounts for a variety of social service programs at four different agencies. Improvements include shifting expiring mainframe hardware to cloud-based technology and updating software and services provided to maintain the system.

HOUSING AND HOMELESSNESS

Increases

Local Homeless Housing Programs & Services (\$70.0 million NGF-O 2023-25; \$70.0 million Total 2023-25; \$70.0 million 4-year NGF-O)

Funding is provided for the Department of Commerce (Commerce) to distribute grants to local governments to maintain and support homeless housing programs and services. Of the total, \$30.0 million is provided for maintaining investments primarily funded through the document recording fee, and \$40.0 million is provided for maintaining and supporting homeless services, including but not limited to emergency housing and shelter, temporary housing, and permanent supportive housing programs.

Housing Vulnerable Populations (\$10.6 million NGF-O 2023-25; \$46.4 million Total 2023-25; \$22.3 million 4-year NGF-O)

Funding is provided for housing programs serving vulnerable populations at Commerce, the Department of Social and Health Services (DSHS), and the Health Care Authority (HCA). Of the total, \$3.2 million is provided for DSHS to expand and enhance the Governor's Opportunity for Supportive Housing program, which serves individuals exiting the state hospitals by offering rental subsidies and wraparound supports to facilitate their integration into the community. In addition, \$7.4 million is provided for various programs at Commerce, including a grant program to provide funding to local governments and non-profits to support individuals in need of emergency housing assistance; housing assistance programs for survivors of human trafficking and domestic violence; and funding for implementation of Engrossed Substitute House Bill 2474 (Transitional housing siting), which relates to the siting and construction of permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters. An additional \$35.6 million of local and federal funding is provided as part of the Apple Health and Homes and Medicaid Transformation Project (MTP) through HCA. This MTP funding allows eligible Medicaid clients to receive up to six months of rent and transitional housing supports as part of the health-related social needs framework in the MTP.

IMMIGRANT ASSISTANCE

Increases

Refugee and Immigrant Support Services (\$32.7 million NGF-O 2023-25; \$32.7 million Total 2023-25; \$32.7 million 4-year NGF-O)

Funding is provided to the Department of Social and Health Services and the Department of Commerce for support services to immigrants who do not qualify for federal refugee resettlement programs services. Of the total, \$25.2 million is provided to the Office of Refugee and Immigrant Assistance for support services including, but not limited to, housing assistance, food, transportation, childhood education services, education and employment supports, connection to legal services, and social services navigation; and \$7.5 million is provided to the Department of Commerce for grants to local jurisdictions to provide transitional and long-term housing supports and for other costs incurred related to unsheltered recent arrivals.

OTHER HUMAN SERVICES

DEPARTMENT OF HEALTH

Increases

Public Health Cloud Technology (\$16.0 million NGF-O 2023-25; \$29.0 million Total 2023-25; \$16.0 million 4-year NGF-O)

Funding is provided to maintain the current public health technology infrastructure in a cloud-based environment. The Department of Health must develop a plan identifying efficiencies in a cloud-based environment, funding strategies for the 2025-27 biennium, and a road map identifying systems that will be modernized, consolidated, migrated, or implemented in the cloud.

EARLY LEARNING & CHILD CARE

Increases

Early Childhood Education and Assistance Program (ECEAP) Rate Increase (\$8.3 million NGF-O 2023-25; \$8.3 million Total 2023-25; \$25.9 million 4-year NGF-O)

Funding is provided for a 5 percent Early Childhood Education and Assistance Program (ECEAP) rate increase for school day slots and a 9 percent ECEAP rate increase for working day slots beginning July 1, 2024.

Early Support for Infants and Toddlers (ESIT) Enhancements (\$5.1 million NGF-O 2023-25; \$5.1 million Total 2023-25; \$15.3 million 4-year NGF-O Total)

Funding is provided to implement Substitute House Bill 1916 (Infants and toddlers program), which requires the Department of Children, Youth, and Families to count children receiving Early Support for Infants and Toddlers (ESIT) services within the same month as the monthly count day, which is changed from the first to the last business day of the month. Funding is also provided to align the ESIT rate with the proposed K-12 basic education allocation rate for the 2024-25 school year.

Working Connections Child Care (WCCC) Enhancements (\$1.2 million NGF-O 2023-25; \$4.6 million Total 2023-25; \$10.3 million 4-year NGF-O Total)

Funding is provided to increase the current infant rate enhancement from \$90 to \$180 per month per child, and to increase the current nonstandard hours bonus from \$135 to \$150 per month per child, beginning July 1, 2024. Funding is also provided to implement Second Substitute House Bill 2124 (Child care prog. eligibility), which expands Working Connections Child Care (WCCC) eligibility provisions to include certified child care providers, ECEAP, Birth to Three ECEAP, Head Start, and Early Head Start providers.

Early Learning Provider Supports (\$0.0 million NGF-O 2023-25; \$7.8 million Total 2023-25; \$3.5 million 4-year NGF-O Total)

Funding is provided for early learning provider supports, including funding for additional professional development through provider mentoring programs, infant and early childhood mental health consulting services, Shared Services Hub support, technical assistance for child care providers, and translation services for provider training materials.

CHILD & YOUTH WELFARE

Increases

Caregiver and Provider Rate Increases (\$9.6 million NGF-O 2023-25; \$14.1 million Total 2023-25; \$28.7 million 4-year NGF-O)

Funding is provided to increase the basic foster care maintenance payment rate that is paid to reimburse licensed caregivers in meeting the needs of children and youth experiencing foster care as well as to increase the rate paid to youth in extended foster care in supervised independent living arrangements. Funding is also provided to increase the rate for providers of emergent placement services, a contracted, short-term placement option for children and youth when no other placement option is available.

PUBLIC SAFETY AND THE JUDICIARY

LAW ENFORCEMENT

Increases

Basic Law Enforcement Academy (\$6.3 million NGF-O 2023-25; \$6.9 million Total 2023-25; \$18.9 million 4-year NGF-O)

Funding is provided to eliminate the 25 percent cost-sharing provision for the Basic Law Enforcement Academy (BLEA), where law enforcement agencies reimbursed the Criminal Justice Training Commission for 25 percent of the cost of BLEA for their personnel. Additionally, funding is provided to support instructor and facility costs for BLEA.

CORRECTIONS & JUVENILE REHABILITATION

Increases

Enhanced Facility Security Item (\$17.9 million NGF-O 2023-25; \$17.9 million Total 2023-25; \$17.9 million 4-year NGF-O)

Funding is provided for additional security equipment, services, and to contract for security staff to enhance security at Echo Glenn Children's Center until a fence is constructed around the perimeter of the facility tentatively scheduled to be complete in May 2025.

Support for Incarcerated Transgender Individuals (\$9.2 million NGF-O 2023-25; \$9.2 million Total 2023-25; \$17.7 million 4-year NGF-O)

Funding is provided for additional staffing to provide gender-affirming medical and mental health care treatment and services to incarcerated individuals identified as transgender as part of the transgender settlement between Disability Rights Washington and the Department of Corrections. Funding is also provided for additional training to correctional officers specific to their role and job duty as necessary and for a dedicated transgender housing manager to work with the housing needs of transgender individuals.

Community Supervision (\$3.5 million NGF-O 2023-25; \$3.5 million Total 2023-25; \$15.7 million 4-year NGF-O)

Funding is provided to expand community supervision staff by 74 positions by FY 2026 to provide supervision of individuals convicted of violent crimes and to provide support services.

Reentry Services and Support (\$5.2 million NGF-O 2023-25; \$5.2 million Total 2023-25; \$14.5 million 4-year NGF-O)

Funding is provided to establish health care discharge teams at four institutions to support individuals that are released into the community with health care assistance including applying for federal and state medical, food, cash, and disability benefits. Funding is also provided to assist with the Department of Corrections' sentence recalculation workload, to provide reentry services for individuals exiting the system quickly due to changes in state law, and for staffing the national Reentry 2030 initiative aimed at transforming reentry services.

CLIMATE COMMITMENT ACT

Initiative 2117 (carbon tax credit trading) proposes to repeal the Climate Commitment Act and certain accounts associated with the act. Some of the 2024 Supplemental appropriations from CCA accounts are assumed to be effective January 1, 2025, and would lapse if the accounts were repealed. Additionally, Proposed Substitute House Bill 2104 contains several other related provisions, including creation of a new account and appropriations into that account, which occur only in the event Initiative 2117 is adopted and takes effect.

Increases

Household Clean Energy Bill Credits (\$150 million Total 2023-25)

Funding is provided from Climate Commitment Act funds for public and private utilities to provide one-time bill credits of \$200 to low-income and moderate-income residential electricity customers to help with the clean energy transition through Clean Energy for Washington Families grants.

Farm and Agricultural Support (\$30.0 million Total 2023-25)

Funding is provided from Climate Commitment Act funds for payments to support farm fuel users and transporters who purchased fuel for agricultural purposes that is exempt from requirements of the Climate Commitment Act.

Grants and Community/Tribal Participation (\$32.4 million Total 2023-25)

Funding is provided from Climate Commitment Act funds for a variety of grants and community and tribal participation programs. Examples include food waste reduction grants from the Department of Ecology (Ecology) and Department of Agriculture created in Engrossed Second Substitute House Bill 2301 (Waste material management), an expansion of an Ecology grant program for Tribes, grant application support from the Department of Commerce (Commerce), funding through Commerce for a tribal clean energy innovation and training center, and funding through the Department of Social and Health Services for a network of community assemblies in overburdened communities.

Other Clean Energy Increases (\$16.9 million Total 2023-25)

Funding is provided from Climate Commitment Act funds to the Department of Commerce for assistance pursuing federal funds and tax credits, an Energy Navigator Program created in Second Substitute House Bill 1391 (Energy in buildings), a Clean Energy Ambassadors Program, clean energy and resilience assistance to counties, a study of hydrogen as an energy source, an innovation cluster accelerator program, offshore wind engagement and strategies, thermal energy grants in Engrossed Substitute House Bill 2131 (Thermal energy networks), and a framework for sustainable maritime fuel. Funding is also provided to the Department of Ecology for offshore wind engagement and to the State Parks and Recreation Commission for electric lawn mowers and energy and climate assessments.

NATURAL RESOURCES

Increases

Wildfires and Forest Health (\$30.5 million NGF-O 2023-25; \$93.0 million Total 2023-25; \$32.3 million 4-year NGF-O)

Funding is provided for the costs of Department of Natural Resources (DNR) fire suppression in FY 2024, including \$21.1 from the Budget Stabilization Account provided separately in Substitute House Bill 2170 (Budget stabilization account) for costs occurring after the Governor's August 2023 emergency declaration. DNR is also provided funding for a program that analyses post-fire debris flow risks and additional support for the Wildfire Response, Forest Restoration, and Community Resilience Account. The Washington State Patrol is provided funding for the costs of fire mobilization. The Department of Fish and Wildlife (DFW) is also provided funding for post-wildfire habitat recovery and forest health treatments.

Salmon Production, Habitat, and Recovery (\$8.1 million NGF-O 2023-25; \$21.4 million Total 2023-25; \$18.8 million 4-year NGF-O)

Funding is provided to DFW to monitor coastal salmon and steelhead, comply with a federal Biological Opinion on hatcheries, conduct preventive maintenance on hatcheries, rebuild and maintain automated systems for marking hatchery fish, capture salmon predators in Lake Washington, monitor fish health, staff an avian salmon predation work group in Substitute House Bill 2293 (Avian predation/salmon), and implement federal grants for salmon habitat in the South Whidbey Basin. The Recreation and Conservation Office is provided funding for additional costs of a device to improve fish passage at the Hood Canal Bridge.

Other Federal Funding (\$73.6 million Total 2023-25)

Federal authority is provided to Ecology for multiple federal grants, including from the federal Bipartisan Infrastructure Law and Inflation Reduction Act, that relate to riparian habitat improvements in Puget Sound, projects to manage stormwater, pollution reduction in the Spokane River, water quality projects, assistance to businesses for using more sustainable products, and efforts to reduce the risks of chemicals in overburdened communities. DNR is also provided federal authority for multiple grants that address topics such as forest health, community wildfire prevention, and small forest landowner participation in emerging markets.

GENERAL GOVERNMENT AND OTHER

DEPARTMENT OF COMMERCE

Increases

Digital Navigator Grant Program (\$5.5 million NGF-O 2023-25; \$16.5 million 4-year NGF-O Total)

Funding is provided to increase the number of grants offered through the Digital Navigator Grant Program, which provides technical support, devices, and subscriptions to facilitate internet use and adoption. Services include one-on-one assistance for people with limited access to services, including individuals seeking work, students, English language learners, Medicaid clients, people experiencing poverty, and seniors. This ongoing funding is in addition to the \$30 million provided one-time in the enacted 2023-25 biennial budget.

Savings

Program Shifts from the Operating Budget to the Capital Budget (\$252 million NGF-O 2023-25 savings; \$252 million Total 2023-25 savings; \$504 million 4-year NGF-O savings)

General Fund-State savings in the operating budget are generated by shifting the Department of Commerce's Community Solar, Solar Resilience, and Electric Vehicle Charging programs to the capital budget, where they will be funded using Climate Commitment Act dollars.

CENTRAL SERVICE AGENCIES

Increases

One Washington (\$95.3 million Total 2023-25)

Funding is provided to continue Phase 1A of the One Washington project at the Office of Financial Management, which will replace the Agency Financial Reporting System (AFRS) with a new software-as-a-service platform.

Electronic Health Records (\$13.5 million NGF-O 2023-25; \$13.5 million Total 2023-25; \$13.5 million 4-year NGF-O)

Funding is provided for Washington Technology Solutions to distribute to the Department of Corrections, the Department of Social and Health Services, and the Health Care Authority for electronic health records (EHR) projects to prepare for an enterprise EHR system.

MILITARY DEPARTMENT

Increases

Disaster Response Account (\$722 million Total 2023-25)

Expenditure authority is provided for the Military Department to continue managing recovery projects for open Presidentially Declared Disasters and wildfires, including the COVID-19 pandemic. Funding of \$30.5 million is transferred from the General Fund-State to the Disaster Response Account to support a portion of these costs.

APPRENTICESHIPS

Increases

Apprenticeship Access (\$9.6 million NGF-O 2023-25; \$10.2 million Total 2023-25; \$13.5 million 4-year NGF-O)

Funding is provided to expand access to apprenticeship opportunities in nursing, construction, manufacturing, the electrical trades, and other industries. Additional funding is provided to study pathways and reduce barriers to apprenticeship programs, including for preapprentices in correctional facilities.

EMPLOYEE COMPENSATION AND PENSIONS

Increases

Collective Bargaining with State Employees (\$4.5 million NGF-O 2023-25; \$6.9 million Total 2023-25; \$9.5 million 4-year NGF-O)

Funding is provided for collective bargaining agreements that have been negotiated with state employees at state agencies and higher education institutions. The agreements that have concluded and are funded and approved include:

- the Fish and Wildlife Officers Guild and the Department of Fish and Wildlife Enforcement Sergeants for a memorandum of understanding on employee efforts to implement the use of body worn cameras;
- Central Washington University's Police employees, including a 4.5 percent general wage increase for both FY 2024 and FY 2025, special pay salary ranges, and holiday pay; and
- academic employees at Washington State University, including new salary ranges, location pay, education premium pay, and health insurance enhancements.

In addition, one-time funding is provided to negotiate a memorandum of understanding between the Department of Children, Youth, and Families and Social Service Specialist 2 employees for an assignment pay premium beginning July 1, 2024.

PERS and TRS Plan 1 One-time Benefit Increase (\$12.6 million NGF-O 2023-25; \$14.9 million Total 2023-25; \$45.4 million 4-year NGF-O)

Funding is provided for Substitute House Bill 1985 (PERS/TRS 1 benefit increase), which provides retirees in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) Plans 1 a one-time increase of 3 percent, up to a maximum of \$110 per month, to the benefits of members not already receiving annual increases from the minimum benefit adjustments of the Plans.

2023-25 Omnibus Operating Budget -- 2024 Supplemental

PSHB 2104 (H-3315) by Rep. Ormsby

Funds Subject to Outlook

(Dollars in Millions)

	2023-25			2025-27		
	FY 2024	FY 2025	2023-25	FY 2026	FY 2027	2025-27
NGF-O Beginning Balance	5,287	4,993	5,287	2,714	965	2,714
Forecasted Revenues	32,919	34,086	67,005	35,620	37,223	72,842
February 2024 Revenue Forecast (NGF-O)	32,919	34,086	67,005	35,174	36,547	71,721
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	445	676	1,121
Other Resource Changes	1,072	488	1,561	-301	-311	-612
Budget Driven Revenue	-2	-1	-3	18	20	38
GF-S Transfer to BSA (1%)	-314	-326	-640	-336	-349	-686
Prior Period Adjustments	84	37	121	20	20	41
Revenue Legislation	0	-11	-11	-21	-21	-42
Proposed WRPTA Transfer	0	798	798	0	0	0
Other Proposed Transfers	-22	-35	-57	0	0	0
Enacted Fund Transfers	1,326	26	1,353	19	19	37
Total Revenues and Resources	39,279	39,567	73,853	38,033	37,876	74,944
Enacted Appropriations	34,173	35,632	69,804	35,998	36,683	72,681
Maintenance Level Total	570	562	1,132	570	628	1,198
Policy Level Total	-41	1,105	1,064	690	667	1,358
Reversions	-416	-446	-861	-190	-184	-375
Revised Appropriations	34,286	36,853	71,139	37,068	37,794	74,862
NGF-O Projected Ending Balance	4,993	2,714	2,714	965	82	82
Budget Stabilization Account						
Beginning Balance	652	969	652	1,329	1,708	1,329
GF-S Transfer to BSA (1%)	314	326	640	336	349	686
Appropriations from BSA	-21	0	-21	0	0	0
Interest Earnings	23	34	58	43	50	93
Budget Stabilization Account Ending Balance	969	1,329	1,329	1,708	2,107	2,107
Washington Rescue Plan Transition Account						
Beginning Balance	2,100	798	2,100	0	0	0
Transfer Balance from WRPTA to GF-S	-1,302	-798	-2,100	0	0	0
Washington Rescue Plan Transition Account Ending Balance	798	0	0	0	0	0
Total Reserves	6,760	4,043	4,043	2,672	2,189	2,189
% of Reserves to Revenues and Other Resources	19.9%	11.7%		7.6%	5.9%	
NGF-O	14.7%	7.8%		2.7%	0.2%	
Budget Stabilization Account	2.9%	3.8%		4.8%	5.7%	
Washington Rescue Plan Transition Account	2.3%	0.0%		0.0%	0.0%	

Notes:

1. This analysis was prepared by OPR staff for legislative deliberations of House members. It is not an official Outlook or an official state publication.
2. NGF-O includes General Fund-State, Washington Opportunity Pathways, Education Legacy Trust; and Workforce Education Investment Accounts.
3. Information related to reversion assumptions is described in the summary documents.

Fund Transfers, Revenue Legislation, and Budget Driven Revenues

PSHB 2104 (H-3315) by Rep. Ormsby

Funds Subject to Outlook

(Dollars in Millions)

	2023-25	2025-27	4 Yr
Fund Transfers In Budget Bill			
Death Investigations Account (GF-S)	-3.5	0.0	-3.5
Disaster Response Account (GF-S)	-30.5	0.0	-30.5
Home Security Fund Account (GF-S)	-3.4	0.0	-3.4
Local Government Archives Account (GF-S)	-1.9	0.0	-1.9
Long-Term Services and Supports Trust Account (GF-S)	1.7	0.0	1.7
WA Rescue Plan Transition Acct (GF-S)	798.0	0.0	798.0
Wildfire Resp, Forest Restoratn, & Comm Resilience (GF-S)	-19.1	0.0	-19.1
SubTotal	741.3	0.0	741.3
Budget Driven Revenue			
Liquor Control Board (Liquor)	-2.0	37.5	35.5
Liquor Control Board (Marijuana)	0.0	0.0	0.0
Lottery	-0.1	0.1	0.1
Marijuana Distribution Changes	-1.2	0.0	-1.2
SubTotal	-3.2	37.6	34.4
Other Legislation			
1371 - Freight Railroad Infra.	-1.9	-14.7	-16.7
1453 - Medical Cannabis/Tax	-5.0	-10.0	-15.0
1510 - Community Preservation Auth.	-0.5	-5.7	-6.1
1757 - Farmers/Sales Tax Remittance	-0.2	-0.1	-0.2
1768 - Green Businesses/Utility Tax	-0.1	-0.2	-0.3
1862 - Disabled Veteran Assist./Tax	0.0	-0.1	-0.1
1913 - International Services/Tax	0.0	0.1	0.1
2199 - CCA Tax Exemptions	-1.3	-6.6	-7.9
2306 - Main Street Tax Credits	-0.6	-1.1	-1.7
6087 - Fire Srv. Training Account	-1.5	-3.3	-4.8
SubTotal	-11.1	-41.6	-52.7
Grand Total	727.0	-4.0	723.0

Note: Figures displayed above exclude annual transfers made to the Budget Stabilization Account.