

# 2014 OPERATING BUDGET *SESSION PREVIEW*

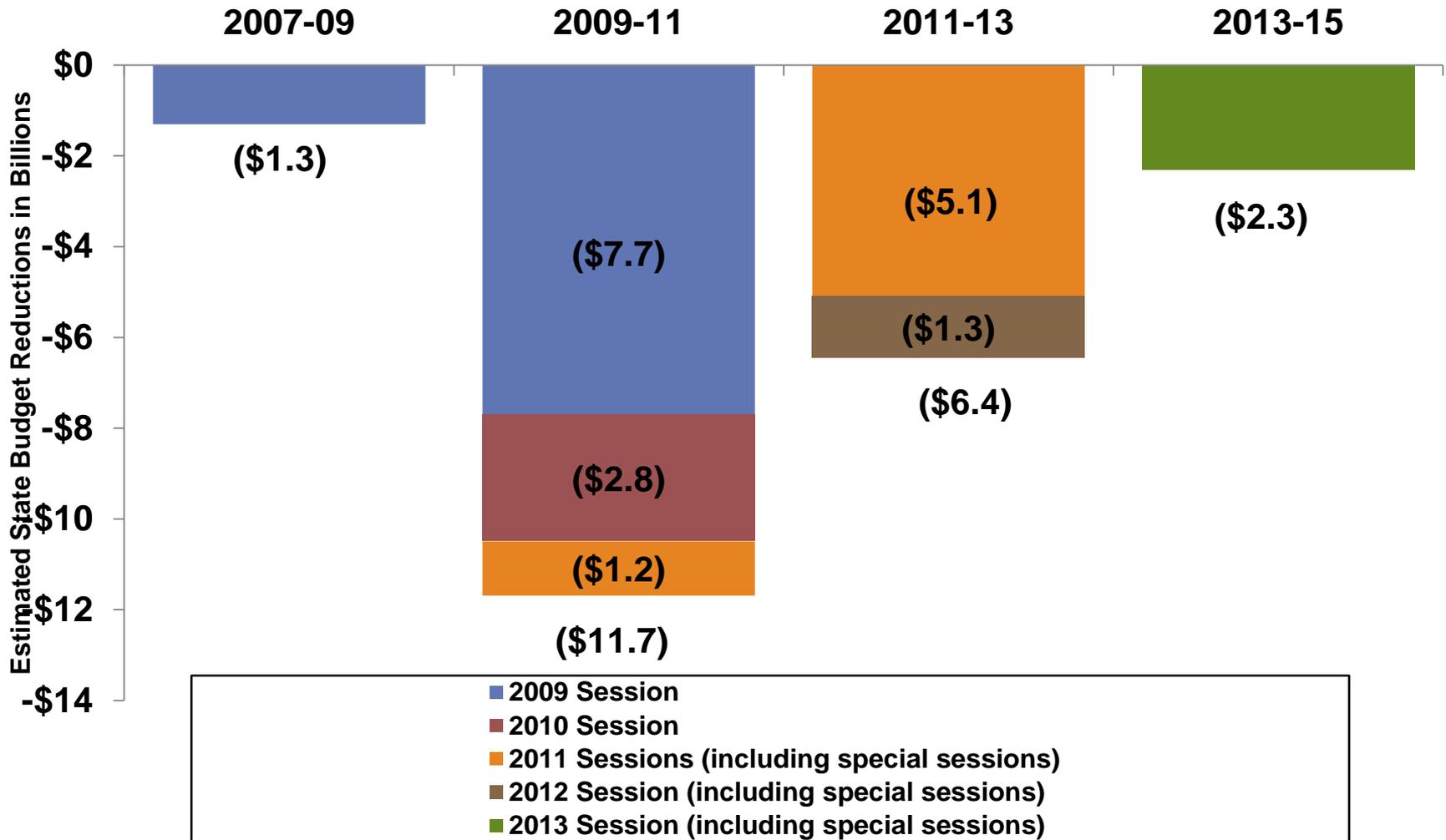
November 2013

2

# Overview of the 2013-15 Budget

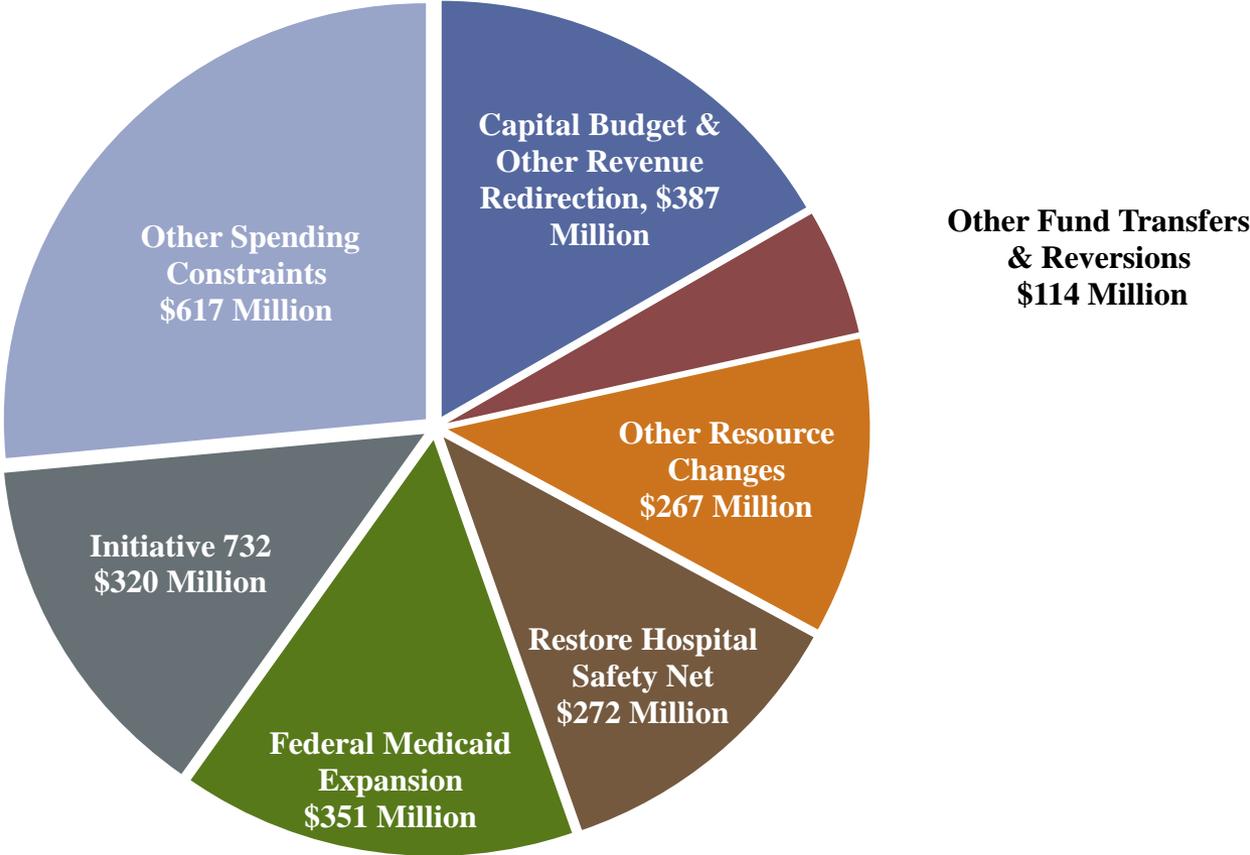
# In the last five years, the Legislature has addressed over \$21 billion in combined budget challenges

3



\* This reflects the reduction amounts originally assumed in the legislative session. Actual amounts may be slightly different than these amounts.

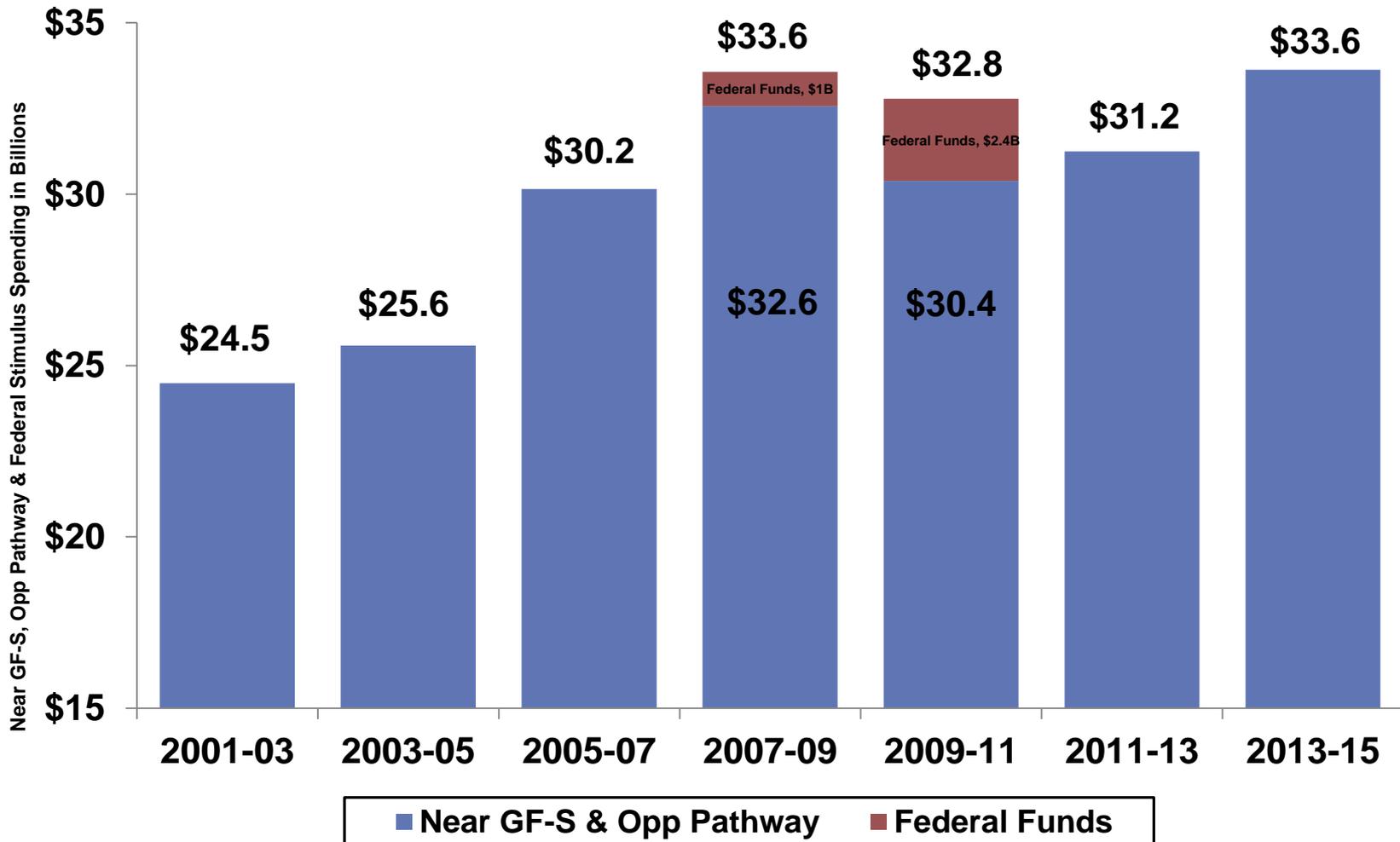
# The 2013-15 budget solution relies upon \$1.5 billion in savings and \$768 million in other resource changes



**Total Budget Solution = \$2.3 Billion**

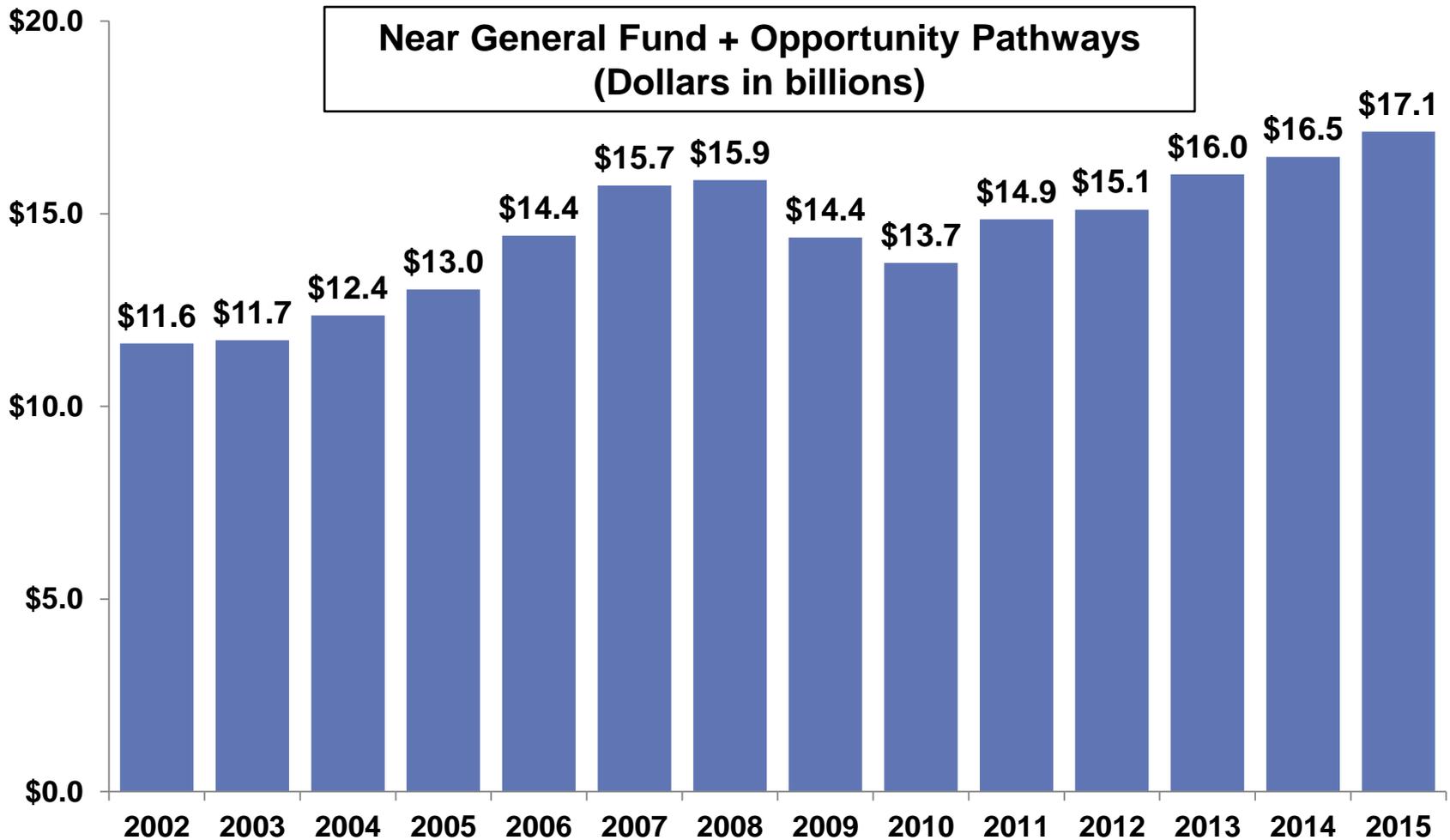
# In the 2013-15 budget spending returned to pre-recession levels

5



# Revenues show a similar trend recovering from the recession

6



# Since you left town in June, there's been some good news

7

- Though modest in size, the September and November revenue forecasts have increased by a total of \$270 million
- With the exception of K-12 and Corrections, the November caseloads are down
- The FY 2013 reversions are \$59 million higher than expected

## And some not-so-good news

8

- Federal share of presumptive SSI is 75% rather than the 100% assumed in the biennial budget – approximately \$30 million; this is spread throughout HCA and several DSHS programs

9

# Issues in the 2014 Budget

# Governor's Preliminary Maintenance Level

- The Governor's maintenance budget increases spending by \$162.7 million. This amount is really a placeholder for purposes of calculating the 4-year outlook. It will change. It includes:
  - Low Income Health Care: \$71.9 million
  - Department of Corrections: \$26.9 million
  - DSHS: \$18.8 million
  - K-12 Education: \$11.8 million
  - Wildfire costs in DNR and WDFW: \$9.9 million

# Yesterday, the Economic & Revenue Forecast Council adopted a 4-year outlook

11

(dollars in millions)	2013-15	2015-17
Unrestricted Ending Fund Balance	\$215	\$59
Budget Stabilization Account	\$582	\$944
Total	\$797	\$1,003

- **Reflects the Governor's preliminary maintenance budget and the November revenue forecast**
- **In January, the ERFC will adopt a 4-year outlook to reflect the Governor's proposed budget**

# Other Potential Costs: Employee Compensation

12

- 1% COLA for state employees: \$32 million. The COLA is contingent on FY 2015 GF-S revenue increasing by \$200 million between the September 2012 and the February 2014 forecasts; after the November forecast this difference is \$11 million

# Other Potential Costs: Child Care Collective Bargaining

13

- SEIU 925 and the State have negotiated a supplemental bargaining agreement for child care providers
- It increases the base subsidy rate by 8% for all providers and provides \$2 million for a pilot project for tiered reimbursement
- Should OFM determine the agreement is financially feasible, its ratification by the Legislature could cost \$29 million GF-S and would be effective July 1, 2014

# Other Potential Costs: Children's Mental Health Lawsuit

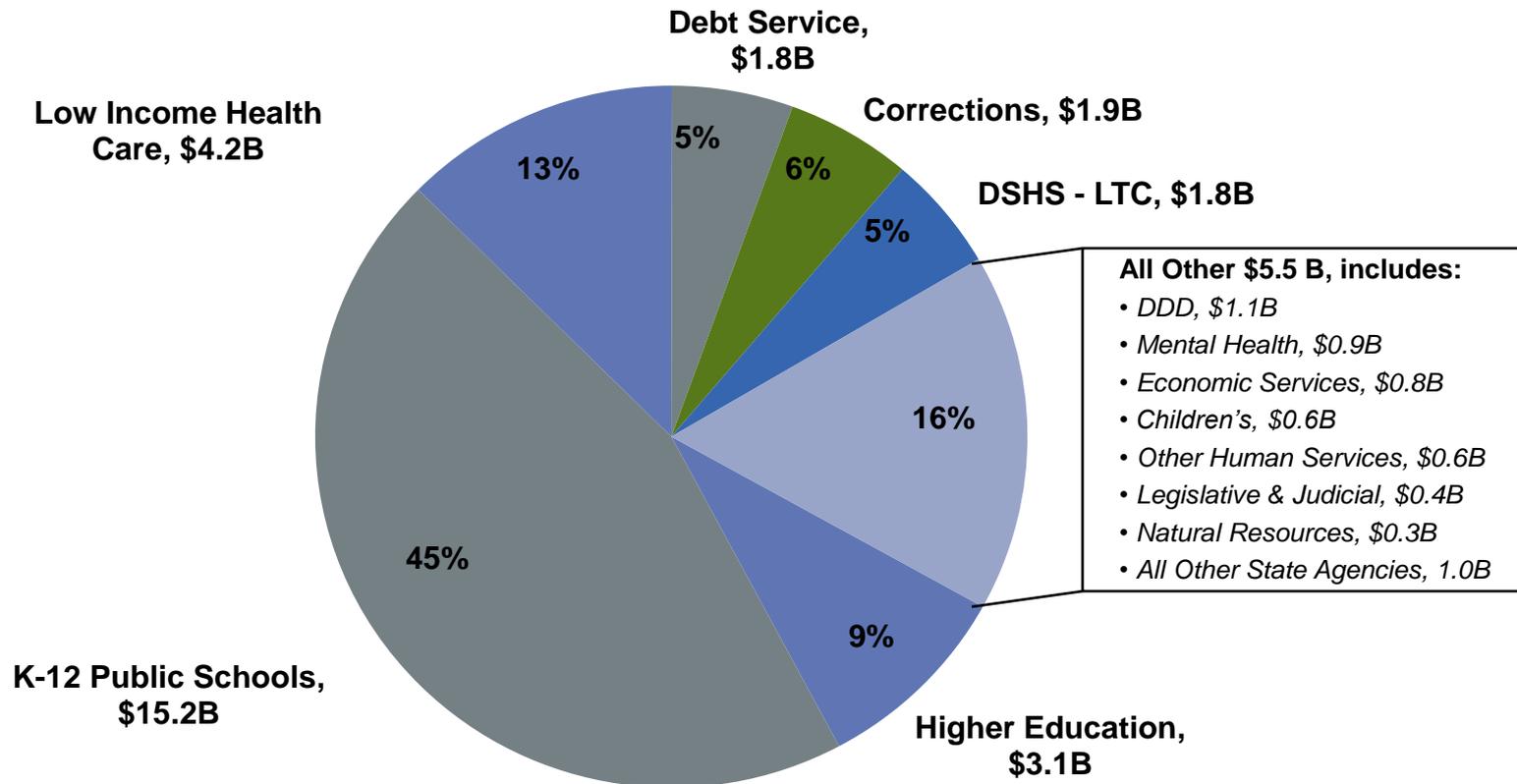
14

- *T.R. v Dreyfus* Settlement Agreement requires implementation of risk assessment and expansion of intensive home and community-based services. Cost: up to \$10 million GF-S in FY 2014, growing to \$70 million in 2017-19

15

# Appendix

# Over 80 percent of the Near GF-S operating budget is spent in six areas



**Enacted 2013-15 Budget = \$33.6B**