Proposed Senate 2016 Supplemental Operating Budget

Overview

SENATE CHAIR

Senate Ways & Means Committee
February 2016

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

TABLE OF CONTENTS

SUBJECT — PAGE

OVERVIEW OF 2016 SUPPLEMENTAL BUDGET 2

BALANCE SHEET 4

AREAS OF GOVERNMENT

FIRE-RELATED COSTS 5

MENTAL HEALTH 5

PUBLIC SCHOOLS 7

HIGHER EDUCATION 7

CHILD CARE AND EARLY LEARNING 8

LOW-INCOME MEDICAL ASSISTANCE 9

LONG TERM CARE, DEVELOPMENTAL DISABILITIES 9

CHILDREN'S ADMINISTRATION AND ECONOMIC SERVICES 10

CORRECTIONS & OTHER CRIMINAL JUSTICE 11

NATURAL RESOURCES 12

OTHER CHANGES 12

FUND TRANSFERS & OTHER ADJUSTMENTS ..... APPENDIX: A

REVENUE CHANGES & BUDGET DRIVEN REVENUE ..... APPENDIX: B

SENATE CHAIR OVERVIEW DOCUMENT ..... APPENDIX: C

SENATE CHAIR OUTLOOK ..... APPENDIX: D

THE 2016 SUPPLEMENTAL BUDGET

OVERVIEW

The Senate Chair's proposed 2016 supplemental operating budget increases Near General Fund and Opportunity Pathways spending by a net of $49 million from the 2015-17 enacted spending level of $38.2 billion. This reflects $168 million in maintenance level changes for caseload and other adjustments based on current law requirements offset by approximately $119 million in net policy level decreases. Additionally, the Senate Chair's proposal transfers $173 million from the state general fund to the Disaster Response Account for wildfire costs in the 2015-17 biennium.

The Senate Chair's supplemental budget proposal includes $49 million in fund related actions and one-time fund transfers. These include: (1) $14 million from higher than expected marijuana funds; (2) $10 million from Performance Audit Account; (3) $10 million from the Public Works Assistance Account; and (4) $4.4 million from eliminating the fire insurance premium tax sharing with local governments; and (5) $2 million from unspent Aerospace Loan Account resources.

Based on all the changes proposed in the 2016 supplemental budget, the Senate Chair's proposal is projected to leave $474 million in unrestricted reserves and an additional $895 million in the Budget Stabilization Account at the end of the 2015-17 biennium and meet the 4 year balanced budget requirements.

SPENDING CHANGES

The Senate Chair's budget provides a net increase of $168 million Near General Fund-State and Opportunity Pathways in maintenance level changes for caseload and other adjustments based on current law requirements. Areas of major increases include: (1) $159 million in low-income health care; (2) $24 million in the Department of Corrections; (3) $19 million in DSHS - Long Term Care and Developmental Disabilities; and (4) $18 million in DSHS - Economic Services. Some areas with decreases include: (1) $34 million based on updated projections of debt service costs; and (2) $9.5 million in net K-12 public school decreases which is comprised of a variety of K-12 enrollment and other cost drivers.

The net policy level decrease of $119 million is comprised of $237 million in policy level increases (in addition to $173 million in fire related costs) and $356 million in policy level decreases. The policy level increases include:

- $36 million for safety improvements and other actions in state mental health hospitals.
- $32 million for the Moore versus Health Care Authority lawsuit related to employee health benefits.
- $26 million for home health care individual provider overtime based on federal rule changes.
- $15 million for anticipated additional tort costs for the Department of Corrections.
- $14 million for additional mental health community diversion programs.
- $14 million to maintain state need grant funding based on interactions with the College Bound program.
- $8 million based on adjusting the tuition backfill at public colleges and universities.

The $356 million in policy level decreases include:

- $75 million in savings associated with reduced pension contributions associated with merging the Law Enforcement Officers' and Fire Fighters' Plan 1 and the Washington Teachers' Retirement System Plan 1.
- $44 million in savings from utilizing mental health Regional Support Network reserve funds.
- $32 million in savings from utilization of additional I-502 funding for low income health care and health clinics.
- $26 million in savings from moving the Categorically Needy Blind Disabled and Community Options Program Entry System (COPES) populations from managed care based to fee-for-service.
- $17 million in savings from utilizing Administrative Contingency funding in DSHS-Economic Services.
- $13 million in savings from Southwest Regional Support Network reserves.
- $8 million in savings from unspent TANF Employment/Training funding.

4 Year Outlook

The estimated "bow-wave" of the 2016 supplemental changes and utilizing the four-year budget outlook methodology, the Senate Chair's proposal estimates a positive $5 million in unrestricted reserves with $1.3 billion in the Budget Stabilization Account at the end of the subsequent 2017-19 biennium.

2016 Supplemental Balance Sheet (Senate Chair)

General Fund-State, Education Legacy Trust, and Opportunity Pathways Accounts (and Budget Stabilization Account)

Dollars in Millions

	2015-17
RESOURCES	
Beginning Fund Balance	**1,011.2**
Revenue Forecast	
November 2015 Forecast	**37,915.6**
February 2016 Forecast Change	(78.2)
Transfer to Budget Stabilization Account (Incl. EORG)	(435.9)
Alignment to the Comprehensive Financial Statements & Other Adj	40.8
2015 Changes	
Fund Transfers (Excluding BSA)	*178.0*
2016 Proposed Changes	
Fund Transfers (Excluding BSA)	*49.1*
Revenue Legislation	-
Budget Driven Revenue & Other	*(1.9)*
Transfers from BSA to GFS	*63.6*
Transfer from GFS to Disaster Account for Fire	*(172.7)*
Total Resources (including beginning fund balance)	**38,569.6**
EXPENDITURES	
2015-17 Enacted Budget	
Enacted Budget (with vetos)	38,219.2
2016 Supplemental Proposed Changes	
Proposed Maintenance Level	*168.3*
Proposed Policy Level	*(119.0)*
Assumed Reversions	*(172.5)*
Total Expenditures	**38,096.0**
RESERVES	
Projected Ending Balance	**473.6**
Budget Stabilization Account Beginning Balance	513.1
Transfers from General Fund and Interest Earnings	445.5
Less Transfers Out And Spending From BSA (Early Action/EORG***)	(63.6)
Projected Budget Stabilization Account Ending Balance	**895.0**
Total Reserves (Near General Fund plus Budget Stabilization)	**1,368.7**

FUNCTIONAL AREAS OF GOVERNMENT

FIRE-RELATED COSTS

The supplemental budget appropriates $173.3 million from the Disaster Response Account for fire suppression and recovery costs from the 2015 wildfire season:

- Department of Natural Resources (DNR) - $142.3 million
- Washington State Patrol (WSP) - $30.4 million
- Department of Fish and Wildlife (DFW) - $129,000

The supplemental budget assumes $54.8 million FEMA Fire Management Assistance Grants will be deposited into the Disaster Response Account during the 2015-17 biennium for prior wildfires and $41.4 million during the 2017-2019 biennium for the 2015 wildfire season. The additional Disaster Response Account funds are reinvested in future fire suppression and fire management costs. This includes $10.3 million is used for wildfire management to: (1) assist local fire districts in acquiring fire suppression and firefighter safety equipment; (2) increase joint state and local firefighter training; (3) provide additional aerial attack capabilities; (4) develop a 20-year Forest Health Strategic Plan, including updating the Department of Natural Resources' smoke management plan; (5) create a Prescribed Burn Certification Program; (6) increase wildfire prevention education, outreach and technical assistance to landowners; and (7) purchase portable and mobile radios for fire communications. $5.5 million of base funding for fire suppression is also shifted from General Fund-State to Disaster Response Account.

MENTAL HEALTH

In October 2015, the Centers for Medicare and Medicaid (CMS) issued multiple findings against Western State Hospital citing management and safety issues and putting over $60 million per year in federal funding at risk. In order to respond to hospital safety and the CMS findings, the budget spends over $54 million directed in three areas.

First, the budget addresses safety issues at Western State Hospital. Funding is provided for salary increases and other incentives to psychiatric staff. The State Hospitals are also directed to hire Psychiatric Nurse Practitioners into vacant Psychiatrist positions to provide therapeutic services and reduce overtime for the current Psychiatrists. In addition, funding is provided to reduce the patients per ward and increase the staff to patient ratio by requiring 30 geriatric patients to be moved into a nursing home setting, opening an already funded ward, and funding a new ward.

Second, funding is provided to create more community programs that either divert individuals from the state hospitals or provide a more stable environment in the community when they leave the state hospital. Housing and support services are increased and funds are made available to the RSNs to apply for in their region for diversion projects.

Third, funding is provided to target the lengths of stay at Western State Hospital which are currently three times as long as the average stays at Eastern State Hospital. The Senate Budget provides funding for two dedicated hospital staff to coordinate with the Hospital staff and RSN staff on patient discharge process and for 22 peers to work with patients as they ready for discharge aid the transition back to the community.

Increases

INCREASED SAFETY AT WESTERN STATE HOSPITAL - $35.5 MILLION NEAR GENERAL FUND-STATE

In order to improve federal compliance, staffing, and safety issues, funding is provided for:

- Salary increases and recruitment and retention efforts for Physicians, Psychiatrists, Nurses and other hospital staff.
- 171 staff at the state hospitals through fiscal year 2017 to increase ward staffing, increase treatment on weekends and provide for more one on one supervision when necessary.
- Opening an additional civil ward in order to reduce the number of patients per ward.

APPLICATION PROCESS FOR COMMUNITY DIVERSION PROGRAMS - $14.1 MILLION NEAR GENERAL FUND-STATE

Funding is provided to increase community programs that divert or transition individuals from the state hospitals. DSHS will determine what programs are funded within which regions through an application process requiring the Regional Support Network (RSN) to identify the need and the intended impact of the program.

HOUSING SUPPORT AND STEP-DOWN SERVICES - $2.8 MILLION NEAR GENERAL FUND-STATE AND GENERAL FUND-FEDERAL

Funding is provided for four new housing and recovery teams to provide supportive housing services and short term rent assistance for individuals exiting inpatient behavioral health treatment services or at risk of entering inpatient behavioral health services.

PEER BRIDGING PROGRAMS - $1.7 MILLION GENERAL FUND-FEDERAL

Funding is provided for twenty-two Peer Bridger team members to the RSN state psychiatric hospital liaison teams. These team members will assist in hospital discharge planning activities and will help promote service continuity as individuals return to their communities enhancing long-term recovery and reducing hospital readmissions.

Savings or Decreases

REGIONAL SUPPORT NETWORK RESERVE FUND BALANCES REDUCTION - $43.6 MILLION GENERAL FUND-STATE SAVINGS

RSNs carrying more reserve funds than required are reduced to contractual minimum and maximum allowable amounts, to include fifty percent of funding marked as encumbered.

UNDERSPENT FUNDS ON STATE HOSPITAL PROGRAMS - $15.1 MILLION NEAR GENERAL FUND-STATE SAVINGS

One-time savings is taken due to delayed implementation of various mental health initiatives from the original 2015-17 budget.

SOUTHWEST REGIONAL SUPPORT NETWORK RESERVES - $12.6 MILLION GENERAL FUND-STATE, $12.7 MILLION GENERAL FUND - FEDERAL SAVINGS

Effective April 1, 2016, Southwest Washington is transitioning its mental health and chemical dependency services into a physical health care Managed Care system through Health Care Authority. The Current RSN is required to return all reserve funds to the state prior to the change.

K-12 Public Schools

Increases

Charter schools and other non-common public schools - $6.6M Million Washington Opportunity Pathways-State
On September 4, 2015, the Washington Supreme Court ruled the charter school law unconstitutional and declined to reconsider the ruling on November 19, 2015. The Court declared Initiative 1240 unconstitutional and void effective December 9, 2015. Engrossed Second Substitute Senate Bill 6194 (Public non-common schools) reenacts and amends the charter school laws to designate charter schools as non-common schools in the public school system and funds these non-common schools from the Washington Opportunity Pathways Account. Other public school programs identified as non-common schools and currently receiving General Fund - State appropriations will also receive Washington Opportunity Pathways account appropriations beginning in school year 2016-17. An additional $6.6M is provided for the charter schools for the following: (1) additional K-12 enrollments for charter schools that became private schools as a result of the Supreme Court decision; (2) expected enrollment increases for charter schools in school year 2016-17; and (3) the continued operations of the Washington State Charter School Commission.

Professional educators - $1.0M General Fund - State
Additional funding is provided for the Professional Educator Standards Board for the Alternative Routes and Retooling conditional scholarships. These programs are designed to help school districts recruit teachers in subject matter and geographic areas with teacher shortages. Participants of these scholarships agree to teach in specified subject shortage areas in Washington K-12 public schools.

Paraeducator certification - $907,000 General Fund-State
Funding is provided for Second Substitute Senate Bill 6408 which creates minimum employment standards for paraeducators; creates a paraeducator oversight board; and requires the Office of Superintendent of Public Instruction (OSPI) to create a fee supporting paraeducator certification system, develop a paraeducator practicum training program, and provide school district grants to field test the implementation of the paraeducator certification.

Higher Education

Increases

Tuition backfill – $7.9 Million Near General Fund-State
Funding is provided for the revised estimated reduction in net revenues from tuition reductions due to enrollment changes. This is in addition to $158 million appropriated to the schools, during the 2015 Session, for net revenue reductions. Under the College Affordability Program (2ESSB 5954), the resident undergraduate tuition operating fee is reduced by 5 percent for all schools in the 2015-16 academic year. This fee is reduced by an additional 10 percent for research schools and an additional 15 percent for regional schools in the 2016-17 academic year.

State Need Grant - $14 Million Washington Opportunity Pathways-State
Maintenance level adjustments in the College Bound Scholarship (CBS) program resulted in a savings of $18.5 million. Of this amount, $14 million is shifted to the State Need Grant (SNG)

program for increased costs, resulting from maintaining the 2015 service level of serving 70 percent of SNG applicants and increased SNG and CBS coordination of 95 percent.

Mathematics, Engineering, and Science Achievement (MESA) Pre-College Program - $450,000 Near General Fund-State
Funding is provided to bring six pilot sites to scale, increasing base funding for each site from $58,000 to $125,000 per year, and for increased administration costs. This funding will support an additional 350 community college students. MESA provides additional support services to underrepresented students pursuing degrees in science, technology, engineering, and math.

Child Care and Early Learning

Increases

Early Childhood Intervention Prevention Services (ECLIPSE) Federal Funding - $2.2 Million General Fund-Federal
The ECLIPSE program was previously partially funded with federal Medicaid which is no longer allowed. Reauthorization of the federal Child Care Development Block Grant (CCDF) allows use of those funds for certain vulnerable children. The budget directs the Department of Early learning to amend the CCDF state plan to include ECLIPSE.

Child Care Health and Safety - $935,000 General Fund-Federal
The CCDF reauthorization requires additional background checks and an annual health and safety visit for non-licensed child care providers receiving payments from CCDF funds. In addition to the added funds for this purpose, the Department of Early Learning is authorized to use these funds and certain savings from existing appropriations to procure information technology solutions that will create savings and improve efficiency of health and safety monitoring of child care providers.

Savings or Decreases

Increased Federal Funds Available for Early Childhood Education - $6.7 Million General Fund-State Savings
Additional CCDF funds are available to offset state fund increases provided in the 2015-17 budget.

Underspent Department of Early Learning Staffing - $2.5 Million General Fund-State Savings
Department of Early Learning has spent less than budgeted for staff expenditures. The budget assumes they are fully staffed by April 2016 and reduces funds based on that assumption.

LOW-INCOME MEDICAL ASSISTANCE

Increases

WAIVER SAVINGS RESTORATION - $16.7 MILLION NEAR GENERAL FUND-STATE, $18. 5 MILLION OTHER FUNDS
Funding is restored for savings not achieved under the Reimbursement Methods Waiver required under Chapter 1, Laws of 2011, 1st sp.s. (E2SSB 5596). Legislation required the Health Care Authority to submit a request for a Section 1115 demonstration waiver that would reduce state expenditures through eligibility group per capita, streamlined eligibility determination, and enforceable cost-sharing. The waiver request was not approved.

NURSING RATE INCREASES - $4.2 MILLION NEAR GENERAL FUND-STATE, $4.4 MILLION OTHER FUNDS
The reimbursement rate for licensed practical and registered nurses providing skilled home health services and home services for both medically intensive children and adults who require four to sixteen hours of care is increased by $10.

HEALTH HOME PROGRAM - $3.9 MILLION NEAR GENERAL FUND-STATE, $3.9 MILLION OTHER FUNDS
The Health Home program integrates and coordinates care for high-risk, high-cost adults and children, including clients that are dually-eligible for Medicare and Medicaid. Reduced costs from this program allow receipt of federal bonus payments based on Medicare cost savings related to Health Home services. The enhanced federal match for this program expired in October 2015. However, savings from the program are anticipated to exceed costs on an ongoing basis.

Savings or Decreases

TRANSFER OF BLIND DISABLED POPULATION TO FEE-FOR-SERVICE - $25.5 MILLION NEAR GENERAL FUND-STATE SAVINGS, $25.5 MILLION OTHER FUNDS
Based on ongoing increasing costs for the Categorically Needy Blind Disabled and Community Options Program Entry System (COPES) populations in managed care, these populations are moved from managed care to fee-for-service effective July 1, 2016.

INPATIENT COST AVOIDANCE - $4.2 MILLION NEAR GENERAL FUND-STATE SAVINGS, $4.4 MILLION OTHER FUNDS
Improved access to skilled registered and licensed practical nurses for adults and children requiring in-home care will improve hospital discharge planning and timeliness, decrease hospital length of stay, and prevent overall hospital admissions.

LONG-TERM CARE, DEVELOPMENTAL DISABILITIES

Increases

INDIVIDUAL PROVIDER OVERTIME - $31.9 MILLION NEAR GENERAL FUND-STATE, $38.9 MILLION OTHER FUNDS
Individual provider homecare worker overtime is funded in accordance with the Department of Labor's recent rule change requiring overtime to be paid to homecare workers when they work

over 40 hours in a week. The Department of Labor's authority to implement the rule change was upheld in the U.S. Federal Court of Appeals.

DEVELOPMENTAL DISABILITIES PROTECTIONS - $2 MILLION NEAR GENERAL FUND-STATE, $1.3 MILLION OTHER FUNDS
E2SSB 6564 (providing protections for persons with developmental disabilities) directs the Developmental Disabilities Administration to establish a process for identifying individuals who may be at higher risk of abuse and/or neglect. These individuals are to receive visits from the department at least once every four months, with one of these visits being unannounced.
An independent Developmental Disabilities Office of Ombuds is created in the Department of Commerce to monitor and report on services to persons with developmental disabilities.
The Department must also conduct a vulnerable adult fatality review in the event of the death of a vulnerable adult when DSHS has reason to believe the death may be related to abuse, abandonment, exploitation, or neglect.

ENHANCED COMMUNITY SERVICES PLUS-NURSING HOMES - $1.6 MILLION NEAR GENERAL FUND-STATE, $1.6 MILLION OTHER FUNDS
The Department shall contract with a nursing home facility to provide an enhanced staffing model to provide care to thirty elderly individuals with challenging behaviors. These individuals currently reside at Western State Hospital, and have been identified as ready for discharge to a community-based setting.

YAKIMA VALLEY SCHOOL - $824,000 NEAR GENERAL FUND-STATE, $824,000 OTHER FUNDS
E2SSB 5243 (concerning services provided by residential habilitation centers) provides funding for sixteen respite beds, prohibits new long-term admissions, and eliminates the requirement to close Yakima Valley School when its census reaches 16 individuals.

CHILDREN'S ADMINISTRATION AND ECONOMIC SERVICES

Increases

STATEWIDE IMPLEMENTATION OF FAMILY ASSESSMENT RESPONSE (FAR) - $2.3 MILLION GENERAL FUND-STATE, $2.2 MILLION OTHER FUNDS
Funding is provided to continue statewide implementation of Family Assessment Response (FAR), a non-investigative response to certain reports of child abuse and neglect.

PERFORMANCE-BASED CONTRACTING PROGRAM - $1.4 MILLION GENERAL FUND-STATE
Funding is provide for the second year of the Performance Based Contracting program in the Spokane area.

INCREASE CHILD PLACING AGENCY RATES - $952,000 GENERAL FUND-STATE, $182,000 OTHER FUNDS
Funding is provided to increase reimbursement for child placing agencies which recruit, and manage family foster home placements.

Savings or Decreases

INCREASED FEDERAL FUNDS AVAILABLE FOR ECONOMIC SERVICES PROGRAMS - $35.7 MILLION GENERAL FUND-STATE SAVINGS
Additional federal Temporary Assistance for Needy Families (TANF) funds are available to offset state funds. Federal bonus payments for the Supplemental Nutrition Assistance Program (SNAP) are used for eligible costs funded in the biennial budget with state funds.

FUNDING TANF EMPLOYMENT AND TRAINING ACTIVITIES WITH STATE ADMINISTRATIVE CONTINGENCY ACCOUNT - $17 MILLION GENERAL FUND-STATE SAVINGS
Funds available in the state administrative contingency account are used for TANF Employment and Training programs.

UNDERSPENT TANF EMPLOYMENT AND TRAINING BUDGET - $7.7 MILLION GENERAL FUND-STATE SAVINGS
Actual spending for the first six months of the biennium for employment and training programs was less than allotments. The budget is reduced for this one-time savings.

UNDERSPENT CHILDREN'S ADMINISTRATION STAFFING - $4.2 MILLION GENERAL FUND-STATE, $4.3 MILLION OTHER FUNDS SAVINGS
Children's Administration has spent less than budgeted for staff expenditures. The budget assumes they are fully staffed by May 2016 and reduces funds based on that assumption. This will increase staffing by 66 FTEs over the actual December 2015 expenditures.

CORRECTIONS & OTHER CRIMINAL JUSTICE

Increases

TORT PAYMENTS - $15 MILLION GENERAL FUND-STATE
Funding is provided for deposit into the state's Self-Insurance Liability fund in anticipation of increased tort claims against the department.

INCREASED TREATMENT FOR SPECIAL COMMITMENT CENTER RESIDENTS - $3.2 MILLION NEAR GENERAL FUND-STATE
Funding is provided for 27 staff to provide treatment and rehabilitative care and increased health care services and supports for approximately 30 high acuity residents.

Savings or Decreases

SUPERVISION OF OFFENDERS - $2.3 MILLION GENERAL FUND-STATE SAVINGS
A supervision caseload reduction is achieved by reverting from the length of community supervision for offenders pursuant to a recent Washington State Supreme Court decision, to the period of time offenders were supervised prior to the decision.

NATURAL RESOURCES

Increases

DEPARTMENT OF FISH AND WILDLIFE (WDFW) FISH MANAGEMENT - $3.3 MILLION STATE WILDLIFE ACCOUNT
Additional expenditure authority is provided for hatchery maintenance and additional monitoring to ensure fish resources are sustainable and that the Endangered Species Act (ESA) requirements are met.

Savings or Decreases

MODEL TOXICS CONTROL (MTCA) PROGRAMS - $15.7 MILLION MTCA ACCOUNTS
Decreases in the revenue for the MTCA accounts has left a negative balance for the 2015-17 biennium. MTCA accounts fund both operating and capital programs. In order to manage the revenue decline, $15.7 million of MTCA expenditures in the operating budget have been reduced or suspended for the remainder of the biennium. The reductions include public participation grants, stormwater capacity grants, and grants to local government for shoreline management plan updates. Savings are assumed at the Department of Ecology from hiring restrictions that will be implemented in April 2016.

OTHER CHANGES

Increases

CONSOLIDATED HOMELESS GRANT - $7.5 MILLION HOME SECURITY FUND AND AFFORDABLE HOUSING FOR ALL ACCOUNT
A total of $7.5 million is provided to increase funding for the Department of Commerce's Consolidated Homeless Grant (CHG). The CHG is designed to support an integrated system of housing assistance to prevent homelessness and secure permanent housing for households who are unsheltered or in temporary housing.

TRUANCY REFORM - $1.5 MILLION HOME SECURITY FUND
Funding is provided to implement Second Substitute Senate Bill 6497, which requires all school districts to establish community truancy boards or other evidence-based interventions to address student unexcused absences. Eighteen HOPE beds and 10 Crisis Residential Center beds are funded to assist truant and other at-risk youth in need of support and services. These beds will be added throughout the state based on need and volume of truancy petitions.

STREET YOUTH PROGRAMS - $555,000 HOME SECURITY FUND
Funding is provided to increase street youth services to connect homeless youths to shelter and services, such as health and mental health care, substance abuse treatment, education and employment services. A portion of the funds are directed to south King County, which has experienced an increase in homeless youths.

WASHINGTON ABLE PROGRAM - $404,000 TOTAL FUNDS
Substitute Senate Bill 6210 creates the Washington Achieving a Better Life Experience (ABLE) Program to enable parents of children with special needs to have a tax-fee savings account similar to a college savings account to provide funds for the future care of their children. Funding is provided for administrative and outreach activities for the new program that will be conducted in

conjunction with the Developmental Disabilities Endowment Trust Fund to reduce costs.

Savings or Decreases

PENSION MERGER - $75.4 MILLION NEAR GENERAL FUND-STATE SAVINGS
Based on the most recent valuation, the Law Enforcement Officers' and Fire Fighters' Plan 1 (LEOFF 1) is 125 percent funded with a surplus of $1.1 billion and the Washington Teachers' Retirement System Plan 1 (TRS 1) is 71 percent funded with a $2.7 billion unfunded liability. $75 million in state general fund savings are achieved from the merger the two plans in the 2015-17 biennium with an expected additional savings of $243.8 million in the 2017-19 biennium. Merger of the plans lowers the expected contribution rates for TRS 1 unfunded liability, but does not impact the LEOFF 1 retiree benefits. School districts will also receive a fiscal benefit from the lower contribution rates for locally funded K-12 staff. The legislation also provided a one-time $5,000 lump sum payment will be made to LEOFF 1 retirees. Active LEOFF 1 members will receive their one-time lump sum payment when they retire.

LOCAL GOVERNMENT ASSISTANCE - $6.3 MILLION NEAR GENERAL FUND-STATE SAVINGS
Savings are achieved by making the following changes to assistance to local government: (1) fire insurance premium tax sharing with local governments is eliminated ($4.4 million); (2) funding to Thurston County to compensate for state impacts on its courts is eliminated ($811,000); (3) state assistance for county prosecuting attorney salaries are limited to counties with a population less than 200,000 ($713,000); and (4) legal financial obligation grants are reduced 10 percent ($98,000 savings).

EMPLOYEE HEALTH BENEFIT CONTRIBUTION - $5.7 MILLION NEAR GENERAL FUND-STATE SAVINGS
Based on a higher than expected surplus in the Public Employees and Retirees Insurance Account, completion of long-standing litigation, and termination of the wellness vendor contract, the state contribution for employee insurance benefits is adjusted from $894 per month per employee to $882 per month per employee in fiscal year 2017. This adjustment does not impact the health insurance benefits provided to state employees.

MUNICIPAL RESEARCH SERVICE CENTER - $2.8 MILLION LIQUOR REVOLVING FUND SAVINGS
State funding for the non-profit Municipal Research Service Center (MRSC) is eliminated. Counties, cities and port district may choose to continue services under a fee-for-service, membership dues, or other financial arrangement with MRSC.

FOREIGN TRADE REPRESENTATION - $504,000 NEAR GENERAL FUND-STATE SAVINGS
Funding for contracts with foreign representatives who provide export assistance, primarily in Europe and Asia, to Washington businesses is eliminated.

APPENDIX A

Fund Transfers & Budget Driven Revenue
(Near GF-S & Opp Pathways in Millions)

2016 Proposed Fund Transfers	**2015-17**
From the General Fund	
GFS to Disaster Account for Fires	(172.7)
To the General Fund	
Additional Dedicated MJ (fund balance)	14.0
Performance Audit	10.0
Additional Public Works	10.0
Fire Insurance Premium Elimination	4.4
Aerospace Loan Account	2.0
Savings Incentive to GF (unspent balances)	1.1
Charitable, Educational, Penal, and Reformatory Institutions	1.0
Labor Relations Account	1.0
Health Professionals Loan Acct	1.0
WA Housing Trust Account	1.0
County Prosecutor Salary Assistance	0.7
Health Professions Account Transfer	0.5
Personnel Svcs Acct Transfer	0.5
Prof Engineers Acct Transfer	0.5
Real Estate Commn Acct Transfer	0.5
Real Estate Reserach Acct Transfer	0.5
Flood Control addition	0.4
Abolished accounts-equity transfers	0.1
Fund Transfers to the General Fund	49.1
Budget Driven Revenue	
HCA Health Clinics	(2.9)
Liquor Revolving Fund	0.6
Liquor Cannibas Board Dedicated Marijuana	0.3
Lottery	0.1
Budget Driven Revenue	(1.9)

APPENDIX B

REVENUE RELATED BILLS

	Revenue Related Bills			
	Bill #	**Description**	**15-17**	**17-19**
SSB	5864	Annexation Sales and Use Tax	0	($2.7)
2SSB	6239	Affordable Housing	0	0
E2SSB	5109	Local Revitalization Financing	0	0
SSB	6211	Nonprofit Homeownership Development	0	0
2ESSB	5575	Coal Fired Plant Conversion	0	0
ESSB	6427	Motor Vehicle Sales to a Tribal Member	0	0
	Total		0	($2.7)

ANNEXATION SALES AND USE TAX MODIFICATION - NO IMPACT TO GENERAL FUND STATE
Substitute Senate Bill 5864 (annexation sales and use tax modification) modifies the annexation sales and use tax that may be imposed by the city of Seattle by increasing the cap to $7.725 million from $5 million and decreasing the number of years that the tax may be imposed from 10 to six. As a result, General Fund-State revenue will be reduced by $2.725 million in Fiscal Year 2019

AFFORDABLE HOUSING - NO IMPACT TO GENERAL FUND STATE
Second Substitute Senate Bill 6239 (affordable housing) allows a city or county to apply a local property tax exemption for single family properties or multi-family properties that provide affordable housing to very low income families.

LOCAL REVITALIZATION FINANCING - NO IMPACT TO GENERAL FUND STATE
Engrossed Second Substitute Senate Bill 5109 (local revitalization financing) provides that local governments approved for a project award prior to January 1, 2011, but have not imposed a sales or use tax by December 1, 2016, must forfeit their project award unless they send a letter to the Department of Revenue by July 1, 2016, indicating their intent to impose a sales and use tax by July 1, 2022. Funds that become available may be reallocated to other applicants.

NONPROFIT HOMEOWNERSHIP DEVELOPMENT PROPERTY TAX EXEMPTION - NO IMPACT TO GENERAL FUND STATE
Substitute Senate Bill 6211 (nonprofit homeownership development property tax exemption) provides a property tax exemption to nonprofits that own real property for the purpose of building low-income housing. The tax preference expires on or at the earlier of: (1) when the nonprofit transfers title to the property; (2) at the end of the 7th consecutive property tax year for which the property was granted an exemption; or (3) the property is no longer held for the purpose for which the exemption was granted. The tax preference expires 10 years after its enactment.

REMITTANCE FOR COAL-FIRED PLANT CONVERSION - NO IMPACT TO GENERAL FUND STATE
Second Engrossed Substitute Senate Bill 5575 (coal-fired plant remittance) provides a sales and use tax exemption, in the form of a remittance, for the construction of new structures or renovation of existing structures for the purpose of converting a coal-fired electric generation facility into a natural gas-fired plant or biomass energy facility. Remittances may not be paid

until the conversion of the facility is operationally complete, and not prior to April 1, 2020. The tax exemption expires July 1, 2026.

SALES OF A MOTOR VEHICLE TO A TRIBE OR TRIBAL MEMBER - NO IMPACT TO GENERAL FUND STATE
Engrossed Substitute Senate Bill 6427 (tribal motor vehicles) addresses the documentation requirements for the sale of vehicles to a tribe or tribal member in their Indian country. It requires that the seller substantiates the buyer's tribal status, the vehicle is delivered to the Indian country for which the tribal member has exempt status, and the seller documents the delivery of the vehicle by signing a declaration to that effect.

APPENDIX C

2015-17 Omnibus Operating Budget -- 2016 Supplemental
Senate Chair
(Dollars In Thousands)

	NGF+OpPth	Dis Res-S
Employee Compensation		
PEBB Funding Rate	-5,732	0
Employee Compensation Total	**-5,732**	**0**
K-12 Education		
Charter Schools	6,409	0
All Other Increases	1,900	0
Education Funding Task Force	500	0
K-12 Education Total	**8,809**	**0**
Higher Education Institutions		
CAP Tuition Backfill	7,858	0
All Other Increases	466	0
MESA	450	0
All Other Savings	-1,258	0
Higher Education Institutions Total	**7,516**	**0**
Higher Education Financial Aid		
State Need Grant-Increased Costs	13,973	0
All Other Increases	-104	0
Higher Education Financial Aid Total	**13,869**	**0**
Early Learning & Child Care		
Increase Tiered Reimbursement	6,843	0
One-Time Savings & Underspends	-2,458	0
Shift Between Funds	-6,713	0
Early Learning & Child Care Total	**-2,328**	**0**
Health Care		
Waiver Savings Restoration	16,737	0
Vendor Rate Increase	4,669	0
Health Homes Services	3,893	0
All Other Increases	1,196	0
Inpatient Cost Avoidance	-4,154	0
Blind-Disabled to Fee for Service	-25,533	0
Shift Between Funds	-32,555	0
Health Care Total	**-35,747**	**0**
Mental Health		
Transitional Support for WSH	23,400	0
Community Diversion Applications	14,085	0
Compensation Increases	8,681	0
SCC Increases	4,142	0

NGF-P = GF-S + ELT + OpPath

2015-17 Omnibus Operating Budget -- 2016 Supplemental
Senate Chair
(Dollars In Thousands)

	NGF+OpPth	Dis Res-S
WSH Civil Ward	3,035	0
Housing Support and Step-Down Svcs	2,000	0
WSH Discharge Coordinators	224	0
All Other Increases	135	0
One-Time Savings & Underspends	-71,833	0
Mental Health Total	**-16,131**	**0**
Long Term Care, DD, and Mental Health		
DSHS: Mental Health	250	0
Long Term Care, DD, and Mental Health Total	**250**	**0**
Long Term Care & DD		
DSHS/DD & LTC: IP Overtime	26,430	0
All Other Increases	3,722	0
Yakima Valley School Respite	824	0
Better Life Experience Program	199	0
Transfer	-23	0
All Other Savings	-983	0
Long Term Care & DD Total	**30,169**	**0**
Human Services		
Homelessness	207	0
Human Services Total	**207**	**0**
Corrections and Other Criminal Justice		
Tort Liability Premiums	15,000	0
All Other Increases	1,324	0
DOC Contract with SBCTC	1,252	0
Work Releases	987	0
All Other Savings	-1,784	0
Offender Supervision	-2,268	0
Shift Between Funds	-6,023	0
Corrections and Other Criminal Justice Total	**8,488**	**0**
Other Human Services		
All Other Increases	2,691	0
Family Assessment Response (FAR)	2,274	0
Performance Based Contracting	1,351	0
Medicaid Cost Allocation Correction	1,139	0
Increase Child Placing Agency Rates	952	0
All Other Savings	-12,263	0
Shift Between Funds	-19,428	0

NGF-P = GF-S + ELT + OpPath

2015-17 Omnibus Operating Budget -- 2016 Supplemental
Senate Chair
(Dollars In Thousands)

	NGF+OpPth	Dis Res-S
WorkFirst Fund Balance	-33,277	0
Other Human Services Total	**-56,561**	**0**
Natural Resources		
All Other Increases	2,316	0
Fires & Other Disasters	0	183,045
All Other Savings	-1,656	0
Emergency Drought Funding	-4,500	0
Other Fire Related Increases	-5,525	16,343
Shift Between Funds	-6,756	0
Natural Resources Total	**-16,121**	**199,388**
All Other Policy Changes		
Moore v HCA Settlement	32,225	17
Additional IT Pool Projects	5,027	0
All Other Increases	3,490	0
Transfer	-175	0
Central Services	-2,049	125
All Other Savings	-6,835	0
Shift Between Funds	-11,956	7,018
Pension Merger	-75,400	0
All Other Policy Changes Total	**-55,673**	**7,160**
Grand Total	**-118,985**	**206,548**

NGF-P = GF-S + ELT + OpPath

APPENDIX D

Senate Chair

(Near GF-S & Opportunity Pathways Account, Dollars in Millions)

	FY 2016	FY 2017	2015-17	FY 2018	FY 2019	2017-19
Beginning Balance	1,011	874	1,011	474	74	474
Current Revenues						
February 2016 Revenue Forecast	18,660	19,178	37,837	20,021	20,871	40,892
Additional Revenue Based on 4.5% Growth Rate Assumption	-	-	-	20	72	92
	18,660	19,178	37,837	20,041	20,943	40,983
Other Resource Changes						
Transfer to BSA	(184)	(188)	(372)	(197)	(205)	(401)
Extraordinary Revenue to BSA	-	(64)	(64)	-	(8)	(8)
Extraordinary Revenue transfer from BSA to GF-S	-	64	64	-	8	8
Prior Period Adjustments	20	20	41	20	20	41
2015 Session Transfers and Other Resource Changes (Net)	96	82	178	51	51	101
2016 Session Transfers and Other Resource Changes (Net)	23	26	49	5	5	10
Other Revenue Legislation Decrease	-	-	-	-	(3)	(3)
Budget Driven Revenue	(4)	2	(2)	2	2	4
Transfer from GFS to Disaster Account for Fire	(173)	-	(173)	-	-	-
Total Revenues and Resources (Including Beginning Balance)	**19,450**	**19,993**	**38,570**	**20,396**	**20,888**	**41,210**
Enacted Appropriations	**18,639**	**19,580**	**38,219**	**20,494**	**21,036**	**41,530**
K-12 (excluding 2015 PL K-3 and All Day K)	8,564	8,864	17,428	8,992	9,184	18,175
K-3 Class Size	83	268	350	524	590	1,114
All Day K	55	125	180	151	158	309
All Other Enacted Appropriations	9,937	10,324	20,261	10,827	11,105	21,931
2016 Supplemental Maintenance Level	**3**	**165**	**168**	**97**	**63**	**161**
2016 Supplemental Policy Level	**20**	**(139)**	**(119)**	**(183)**	**(130)**	**(313)**
K-12 Education	0	2	2	(3)	(6)	(10)
Charter Schools	-	6	6	7	7	14
Higher Education	9	12	21	14	14	28
Dept of Early Learning	(6)	4	(2)	4	4	8
Mental Health/Dev. Disabilities/Long Term Care	(16)	(53)	(69)	5	6	11
State Hospitals Enhancement	14	21	35	9	9	18
Community MH Enhancement	-	16	16	2	2	4
IP Overtime	8	18	26	20	21	41
Low Income Health Care	(27)	(27)	(53)	(30)	(24)	(54)
Healthier WA & Waiver Savings Restoration	8	8	17	9	9	17
Children's/Economic Svcs	(11)	(46)	(57)	(27)	(28)	(55)
Corrections/JRA/SCC	1	(3)	(2)	2	2	4
DOC Tort Liability	15	-	15	-	-	-
All Other	(7)	(20)	(27)	(71)	(16)	(87)
Debt Service	-	1	1	1	1	3
Moore Settlement	32	-	32	-	-	-
PEBB (Non-Rep)	-	(6)	(6)	(6)	(6)	(11)
Pension Merger	-	(75)	(75)	(119)	(125)	(244)
Actual/Estimated Reversions	(86)	(86)	(173)	(86)	(86)	(173)
Revised Appropriations	***18,576***	***19,520***	***38,096***	***20,322***	***20,883***	***41,205***
Projected Unrestricted Ending Balance	**874**	**474**	**474**	**74**	**5**	**5**
Budget Stabilization Account						
Beginning Balance	513	698	513	895	1,109	895
Transfer From GFS	184	188	372	197	205	401
Extraordinary Revenue from GF-S	-	64	64	-	(8)	(8)
Extraordinary Revenue Transfer to GF-S	-	(64)	(64)	-	8	8
Appropriations from BSA	-	-	-	-	-	-
Interest Earnings	1	8	10	18	33	51
Ending BSA Balance	***698***	***895***	***895***	***1,109***	***1,347***	***1,347***
Combined Near GF-S Total & BSA Ending Balance	***1,572***	***1,369***	***1,369***	***1,184***	***1,352***	***1,352***

** Totals may not tie fiscal year due to rounding.