

Washington State Operating Budget

Briefing Book

January 2020
House Office of Program Research

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House Appropriations Committee

*House Appropriations Committee
2020 Roster of Members*

Representative	Phone 786--	Office	Legislative Assistant
Ormsby, Timm (D) Chair	7946	JLOB 315	Shannon Waechter
Robinson, June (D) 1st Vice Chair	7864	JLOB 332	Kim O'Farrell
Bergquist, Steve (D) 2nd Vice Chair	7862	JLOB 322	Syd Locke
Stokesbary, Drew (R) Ranking Minority Member	7846	JLOB 411	Gina Palermo
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Rude, Skyler (R) Asst. Ranking Min. Member	7828	LEG 122G	Conor Agnew
Caldier, Michelle (R)	7802	LEG 122H	Domenic Sosa
Chandler, Bruce (R)	7960	LEG 427B	Melinda Bailey
Chopp, Frank (D)	7920	LEG 429A	Daniel Lugo
Cody, Eileen (D)	7978	JLOB 303	Thea Byrd
Dolan, Laurie (D)	7940	JLOB 318	Eileen Swarthout
Dye, Mary (R)	7942	JLOB 432	Ruth Johnson
Fitzgibbon, Joe (D)	7952	JLOB 320	Noal Alsharbini
Hansen, Drew (D)	7842	JLOB 370	Josie Ellison
Hoff, Larry (R)	7812	JLOB 406	Virginia Hall
Hudgins, Zack (D)	7956	LEG 438A	Taylor Rome
Kilduff, Christine (D)	7958	JLOB 334	Jennifer Way
Kraft, Vicki (R)	7994	JLOB 436	Patty Daniells
Macri, Nicole (D)	7826	JLOB 311	Penny Lipsou
Mosbrucker, Gina (R)	7856	JLOB 431	Wanda Brosey
Pettigrew, Eric (D)	7838	LEG 434B	Erika Odem
Pollet, Gerry (D)	7886	LEG 132C	Kira McCoy
Ryu, Cindy (D)	7880	JLOB 421	Shoubee Liaw
Schmick, Joe (R)	7844	LEG 426B	Trixie Harmon
Senn, Tana (D)	7894	JLOB 368	Emma Palumbo
Springer, Larry (D)	7822	LEG 132E	Lacey Stanage
Steele, Mike (R)	7832	LEG 122F	Audrey Audette
Sullivan, Pat (D)	7858	LEG 339A	Lesley Roberts
Sutherland, Robert (R)	7967	JLOB 405	Jaime Rowland
Tarleton, Gael (D)	7860	JLOB 308	Samantha Herriot
Tharinger, Steve (D)	7904	JLOB 314	Leanne Horn
Volz, Mike (R)	7922	JLOB 427	Phillip Janzen
Ybarra, Alex (R)	7808	JLOB 469	Suzi Ryan

APPROPRIATIONS COMMITTEE STAFF

Coordinator:	Charlie Gavigan	7340	JLOB 223
Asst. Coord.:	Dave Johnson	7154	JLOB 218
Counsel:	Kristen Fraser	7148	JLOB 220
Committee Asst:	Lisa McCollum	7155	JLOB 222-A
Committee Asst:	Alex Buijs	7204	JLOB 225-A

Compensation/Pensions

Pension Counsel:	David Pringle	7310	JLOB 226
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Fisc. Analyst:	Kate Henry	7340	JLOB
Fisc. Analyst	Jordan Clarke	7123	JLOB 225

Government Operations

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Fisc. Analyst:	Yvonne Walker	7841	JLOB 229
Fisc. Analyst:	Jessica Van Horne	7288	JLOB 219
Fisc. Analyst:	Michael Hirsch	7157	JLOB

Health & Human Services

Fisc. Analyst:	Meghan Morris	7192	JLOB 212
Fisc. Analyst:	Linda Merelle	7092	JLOB 213
Fisc. Analyst:	Mary Mulholland	7391	JLOB 210
Fisc. Analyst:	Yvonne Walker	7841	JLOB 211
Fisc. Analyst:	Andy Toulon	7178	JLOB 222

Natural Resources

Fisc. Analyst:	Dan Jones	7118	JLOB 221
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Session Staff

Clerk:	Emalee Hill	7068	JLOB B2
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HOUSE APPROPRIATIONS STAFF ASSIGNMENTS

2020 Session

at 01/07/2020

Charlie Gavigan Staff Coordinator **786-7340**

David Johnson Asst. Coordinator **786-7154**
Budget Development

Kristen Fraser **786-7148**

APP Committee Counsel
Sundry Claims

Lisa McCollum Committee Asst. **786-7155**

Alex Buijs Committee Asst. **786-7204**

Tanya Carter Computer Analyst **786-7619**

Meghan Morris **786-7119**

Health Care Authority (including Medicaid but excluding
employee health benefits & community mental health)
Health Benefit Exchange
Insurance Commissioner

Andy Toulon **786-7178**

Alcohol & Substance Abuse Programs (HCA)
Mental Health (DSHS & HCA)

Other items

Agency Loans
Four-year Budget Outlook
Treasurer's Transfers

Linda Merelle **786-7092**

DSHS - Economic Services
DSHS - Vocational Rehabilitation
DSHS - Special Commitment Center
Health, Department of (DOH)
Liquor and Cannabis Board
Lottery Commission
Secretary of State (including State Library)
Services for the Blind, Department of
Veterans Affairs, Department of

Yvonne Walker **786-7841**

Corrections, Department of
Criminal Justice Training Commission (CJTC)
DCYF - Juvenile Rehabilitation Administration
Forensic Investigations Council
State Patrol, Washington

Judicial Agencies

Administrative Office of the Courts
Court of Appeals
Judicial Conduct Commission
Law Library, State
Office of Civil Legal Aid
Office of Public Defense
Supreme Court

David Pringle **786-7310**

Pension Counsel
Actuary, State
Compensation, State Employees
Health Benefits, State Employees (PEBB)
LEOFF 2 Board
Pension Contribution Rates
Pension Policy
Public Employees Relations Commission
Retirement Systems, Department of
School Employees Benefits Board
State Investment Board
Vol. Firefighters & Reserve Officers, Board for

Kate Henry **786-7349**

Central Washington University
Community & Technical Colleges
Eastern Washington University
Higher Education Compensation
Student Achievement Council
The Evergreen State College
University of Washington
Washington State University
Western Washington University
Workforce Training and Education Board

Jordan Clarke **786-7123**

DCYF - Early Learning
DCYF - Program Support
One Washington

Education

K-12: OSPI & Education Reform Programs
Center for Childhood Deafness & Hearing Loss
School for the Blind

James Mackison **786-7104**

K-12 Public Schools (all but OSPI & Ed Reform)
Charter School Commission
Education Legacy Trust Account
Health Benefits K-12

Dan Jones **786-7118**

Agriculture, Department of
Columbia River Gorge Commission
Conservation Commission, State
Ecology, Department of
Environmental & Land Use Hearings Office
Fish & Wildlife, Department of
Natural Resources, Department of
Parks & Recreation, State
Pollution Liability Insurance Agency
Puget Sound Partnership
Recreation and Conservation Office

Lease Pool
Special Appropriations

Jessica Van Horne **786-7288**

Administrative Hearings, Office of
Attorney General
Bond Retirement and Interest
Central Services Model
Commerce, Department of
Enterprise Services, Department of
Financial Management, Office of (OFM)
Military Department
Revenue, Department of
Tax Appeals, Board of

Information Technology

Consolidated Technology Services (WATech)
DSHS - Information Services
Information Technology, Global Items
Leg Evaluation & Accountability Program (LEAP)
Legislative Service Center (LegTech)

Michael Hirsch **786-7157**

Archeology & Historic Preservation, Dept. of
Arts Commission
Accountancy, Board of
African-American Affairs, Commission on
Asian-Pacific American Affairs, Commission on
Auditor, State
Caseload Forecast Council
Economic & Revenue Forecast Council
Elected Officials Salaries
Employment Security, Department of
Financial Institutions, Department of
Gambling Commission
Governor, Office of the
Historical Society, Eastern Washington
Historical Society, Washington State
Industrial Insurance Appeals, Board of
Hispanic Affairs, Commission on
Horse Racing Commission
House of Representatives
Human Rights Commission
Indian Affairs, Governor's Office of
Joint Legislative Audit & Review Cmte (JLARC)
Labor & Industries, Department of
Legislative Support Services, Office of
Licensing, Department of
Lieutenant Governor, Office of the
Minority/Women's Business Enterprise, Office of
Public Disclosure Commission
Redistricting Commission
Senate
Statute Law Committee (Code Reviser)
Treasurer, State
Utilities and Transportation Commission

Mary Mulholland **786-7391**

DCYF - Children & Family Services
DSHS - Admin & Support Services
DSHS - Consolidated Field Services
DSHS - Developmental Disabilities
DSHS - Long Term Care
DSHS - Payments to other Agencies

1/7/2020

Budget Overview

Background

Washington State is on a biennial (two-year) budget cycle. The current budgets for the 2019-21 biennium cover the period from July 1, 2019 through June 30, 2021. (The biennium is Fiscal Year 2020, from July 1, 2019 through June 30, 2020, and Fiscal Year 2021, from July 1, 2020 through June 30, 2021.) The primary two-year budget is enacted in the odd-numbered years, and a supplemental budget is enacted during the even-numbered years (and usually a 2nd supplemental budget is enacted in the last few months of the biennium).

A budget is a spending plan for the operation of state government. It authorizes state agencies to spend up to a certain amount from specified accounts/funds for a specified period of time. A budget is a bill; it follows the same process as other legislation. Supporting documents are provided at various stages of the budget process. The Legislature authorizes expenditures for operating, capital, and transportation (both operating and capital) in separate budgets.

Operating Budget: The operating budget includes appropriations for the general day-to-day operating expenses of state agencies, public colleges and universities, and K-12 public schools. Apportionments to school districts, leases, goods and services, employee salaries and benefits, and medical assistance payments are typical operating expenses. About half of the operating budget is funded by the state general fund, Education Legacy Trust Account, and Opportunity Pathways Account, together referred to as Near General Fund Outlook (NGF-O); funding for the remainder of the budget comes from federal, dedicated, and other funding sources. The three major forecasted sources of NGF-O revenues for the 2019-21 biennium are the retail sales and use tax, the business and occupation tax, and the state property tax.

Among other things, funding from the Operating Budget provides:

- K-12 Education – *for about 1.1 million students*
- Higher Education – *for about 240,000 students*
- Health Care – *for about 1.9 million children and low income adults*
- Social Services – *for children, adults, and families*
- Public Safety – *including prison for more than 18,000 inmates and community supervision for over 20,000 offenders*
- Natural Resource and Recreation Programs
- Government Operations
- Debt Service on bonds for capital projects (including K-12 and higher education)

Capital Budget: The capital budget includes appropriations for the construction and repair of state office buildings, colleges and universities, prisons and juvenile rehabilitation facilities, appropriations for parks, public schools, housing for low-income and disabled persons, and appropriations for other capital facilities and programs. About two-thirds of the capital budget is financed by state-issued bonds, while the rest is funded by dedicated accounts, trust revenue, and federal funding sources. Bond capacity is limited by a constitutional state debt limit; the debt service on appropriations cannot cause the debt service to exceed the debt limit. The capital budget often reappropriates moneys from previous biennia when projects have not been completed; major projects can take four or more years to design and construct. While the proceeds of bond sales are spent through the capital budget, the operating budget pays for the debt service on the bonds.

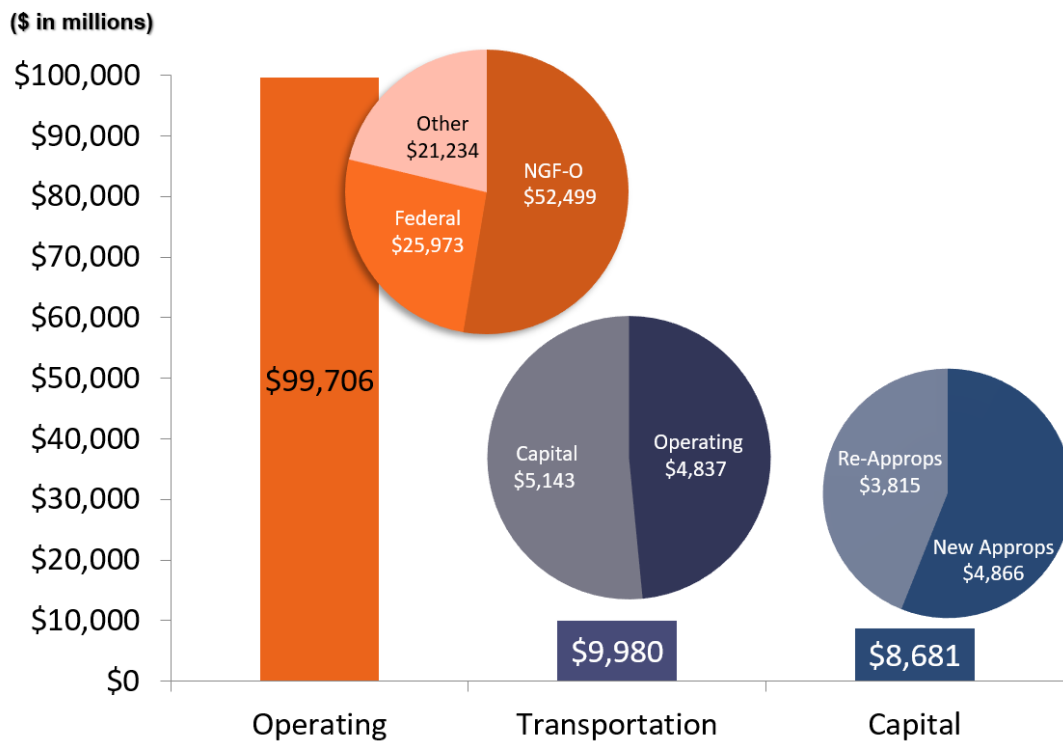
Transportation Budget: The transportation budget includes the operating and capital costs of state and local highways, ferries, and motor vehicle registration and enforcement.

While this document focuses on the Operating Budget, it should be noted that the three budgets overlap in a variety of ways. For example:

- Debt service on general obligation bonds that finance capital facilities is paid for in the operating budget.
- Policy decisions reflected in operating budget appropriations may impact the need for capital facilities.
- New facilities funded in the capital budget are operated and maintained through funding in the operating budget.
- A variety of accounts/funds are appropriated in both the capital and operating budgets, particularly in the natural resources area.

In addition, all three budgets interact in some other areas as well. Decisions regarding the lease of space and cost allocation methods can impact all three budgets. A few agencies can receive funding in all three budgets (such as the Washington State Patrol and Department of Licensing).

There are Three Different Budgets totaling \$118 billion for the 2019-21 biennium



Notes: Debt Service paid in operating budget. Data is 2019-21 enacted budgets, NGF-O is GFS. Education Legacy Trust and Opportunity Pathways accounts.

Budget Development Process

Agency budget requests generally are prepared during the summer and submitted in the fall. The Governor's Office of Financial Management (OFM) evaluates these agency budget requests during the fall and makes recommendations to the Governor. The Governor publishes his or her budget proposals in mid-December and these are introduced in the Legislature in January as executive request bills. The Legislature holds hearings, drafts its own budget proposals in bill form, passes the budgets, and sends them to the Governor for consideration. (See Appendix 3 for a summary of the 2019-21 budget development calendar.)

Maintenance Level and Policy Items

A new operating budget generally is developed through incremental changes to the base or maintenance level budget. The maintenance level budget is the estimated cost of providing currently authorized services in the new budget period. It is calculated using current ongoing appropriations, making adjustments (costs or savings) for items that are one-time (remove) or ongoing items that start in the second year of the biennium (cover a full biennium), and making adjustments for caseload/enrollment changes to **mandatory** programs. The maintenance level budgets for some of the largest programs are calculated using what is effectively a zero-based approach. The caseload forecast (prepared by the independent Caseload Forecast Council) projects the number of persons expected to seek and meet entitlement requirements for services under current law, including the K-12 public school system, long-term care, medical assistance, foster care, and adoption support. The mandatory per client costs by fund source are then calculated for each mandatory caseload. Maintenance level then reflects this level of funding.

Once the maintenance level is estimated, the Governor and Legislature focus on policy changes to the maintenance level budget. These policy level decisions can add funding for new or expanded services/programs or reduce or eliminate funding for existing services/programs. While the net policy changes (policy additions and reductions combined) can be relatively small, the absolute value of the policy additions and reductions is typically significant. These policy level decisions generally are made after reviewing the activities of agencies and programs in the base budget.

In the end, the Legislature adopts a single funding level for any given program. Previous expenditures, carryforward, maintenance and policy steps are simply a way of communicating both how the budget was calculated and the changes it makes.

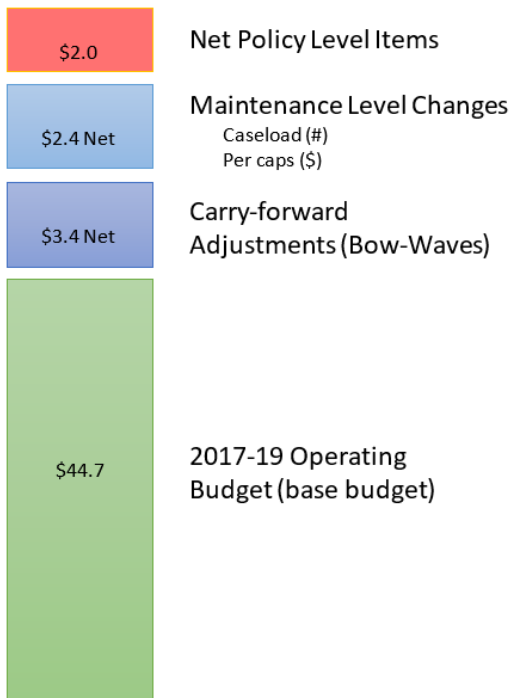
Here is a brief outline of the budget development process for a new biennial budget:

- **Start with previous biennial budget**
 - Make carryforward changes: (1) Reverse one-time increases or reductions in the previous biennium; and (2) Adjust (biennialize) for ongoing increases or reductions enacted part way through the previous biennium (such as in the second year of the biennium).
 - Adjust for mandatory caseload or per cap (costs per client) changes (for statutory/constitutional entitlements).

- Adjust for mandatory items that by statute start in the new biennium, are phased-in in the new biennium, had a delayed effective date, or are reactivated in the new biennium after being suspended in a previous biennium.
- **This results in the Maintenance Level budget for the new biennium**
- **Make Policy Level decisions (changes to Maintenance Level)**
 - Create and fund a new program?
 - Enhance an existing program and increase its funding?
 - Eliminate an existing program and its funding?
 - Reduce an existing program and its funding?
 - Make changes to the structure of agencies or programs that have funding implications?
- **This results in the new biennial budget making single appropriations (by fund) for each agency.**

Budget Overview

(2019-21 NGF-O, \$ in billions)



Reviewed By:

- Members (By definition, changes to the base budget)
- Staff technical review (non-technical items moved to policy)
- Legislative Activities:
 - Member Questions/Requests For Information (Note: any changes are then shown as policy changes)
 - Staff Zero Base Costs of True Entitlements
 - Informal Briefings
 - Staff Research (review models, Q&A with agencies, etc.)
 - Potential Reductions Lists
 - Policy Comm. (bills amend current law, work sessions)
 - Review Activity lists (prepared by agencies/OFM)
 - Review Programs/Services Provided by Agencies
- Audit & Performance Review Activities:
 - SAO Performance Audits
 - SAO Financial/Compliance Audits
 - JLARC Performance Audits
 - WSIPP Studies/Reports
- OFM & Agency Activities:
 - Strategic Planning Process
 - Budget Building Process (Agency and Gov.)
 - Agency/Gov Request Legislation Process
 - Allotment Process, Including Performance Measures

Appropriations, Funds and Accounts

Appropriations in the operating budget are authorizations to spend up to a specific amount from a specified state fund or account (legally a fund and account are the same). The appropriations are by agency, or by agency and program in the case of the Department of Social and Health Services, the Department of Corrections, the Health Care Authority, and K-12 Public Schools, rather than by specific service provided or by object of expenditure (such as salaries and travel). The Legislature does place some specific limitations on appropriations through budget provisos, and expects agencies to implement the general appropriations based on the activities required by statute or that are ongoing activities in the maintenance level budget adjusted for policy level decisions in the new budget.

If a fund or account is located within the state treasury, an appropriation is required for expenditures from that fund/account. Under the constitution, tax revenues must be deposited in appropriated treasury funds/accounts.

Some funds and accounts are non-appropriated; they are deemed in the custody of the State Treasurer, rather than in the treasury itself, and are generally restricted to a particular purpose. In that event, no appropriation is required although the budget documents may still suggest a funding level.

The largest fund/account is the state general fund. Revenues not directed otherwise are deposited in the state general fund. The General Fund-State (GF-S) account, the Education Legacy Trust Account (primarily funded by the estate tax) and the Opportunity Pathways Account (primarily funded by the lottery) are commonly referred to as Near General Fund-Outlook (NGF-O) accounts (for budget analysis and display purposes). A discussion of the budget outlook is available later in this briefing book. Most other funds and accounts are for much more specific purposes.

Mandatory Funding Obligations

The Legislature has little discretion over a substantial portion of the operating budget due to constitutional, federal, or contractual requirements. Areas of the budget with limited funding discretion include K-12 basic education, debt service, and pension contractual obligations. Like every other state, Washington participates in Medicaid (a joint state-federal health care program); therefore, the Legislature has limited discretion in several entitlement or caseload driven programs in the Department of Social and Health Services and the Health Care Authority such as medical assistance, long-term care, and programs for persons with developmental disabilities. When state law requires the confinement of prisoners and juveniles, there are basic requirements that must be provided (food, health care, etc.). This is true as well when persons are legally in the care of the state such as foster children. Arguably, the Legislature must fund some reasonable amount for constitutionally created agencies such as certain statewide elected officials, the Legislature, and the judicial system.

The percentage of the operating budget considered to be mandatory depends on one's perspective and the caveat that the Legislature could change the underlying requirements in some cases; generally, it's thought that around three-quarters of the budget is mandatory spending.

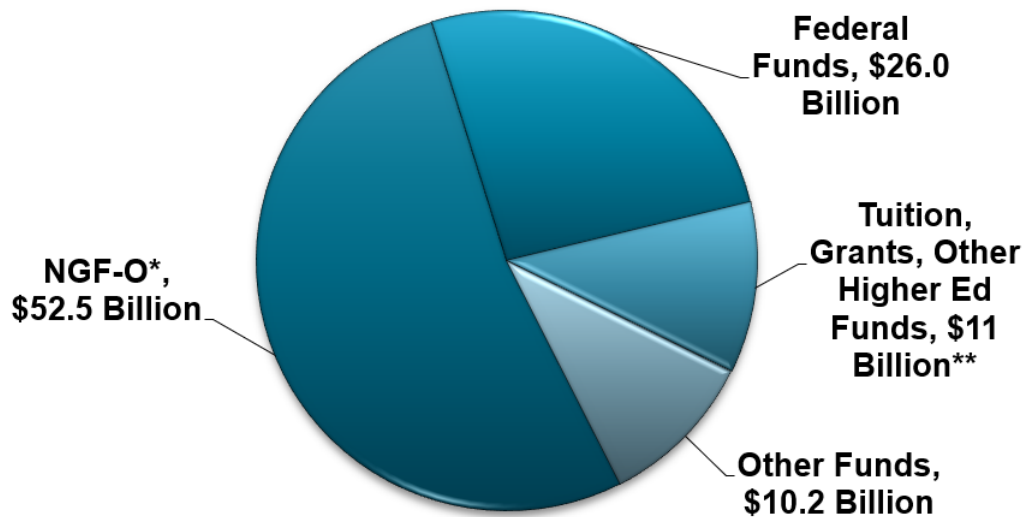
FTEs (Full Time Equivalent)

Full Time Equivalent (FTE) is a unit of measurement that relates to state employees and students. For state employees, FTE refers to one person working full-time for one year. This equates to working approximately 2,088 hours of paid staff time. Two persons working half-time count as one FTE. For K-12 and higher education students, FTE can refer to the equivalent of one student attending class full-time for one school year based on fixed hours of attendance.

State FTEs include employees working for state agencies and public higher education institutions. Except for the Office of the Superintendent of Public Instruction and Education Service Districts, K-12 employees are not state employees; they are employed by the local school district.

Where Does the Money Come From?

While the Legislature spends the majority of its time on the “near general fund,” the operating budget includes \$47 billion in other funds and accounts.

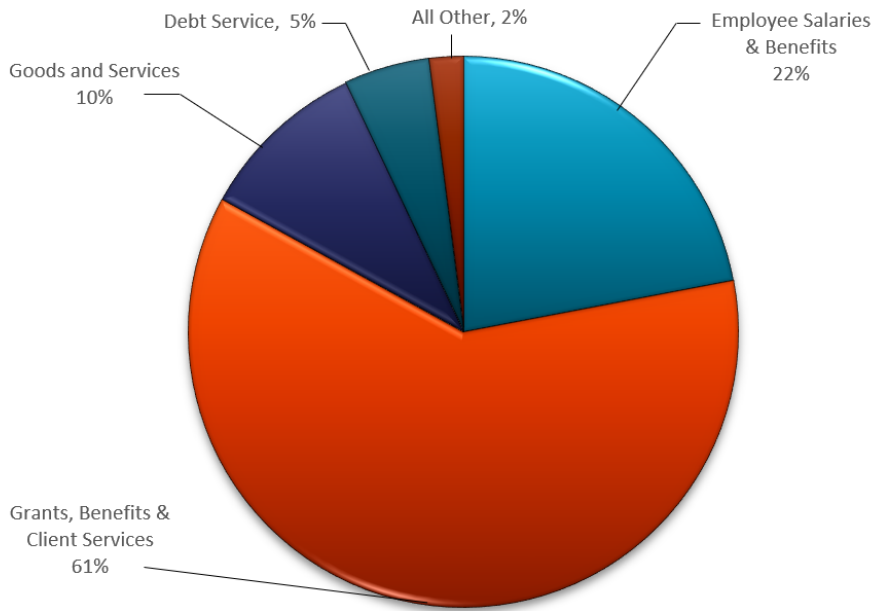


Total 2019-21 Budgeted Funds = \$99.7 Billion

* Includes GF-S, Education Legacy Trust Account, plus Opportunity

** Includes funds 143, 145, 148, 149, and 505

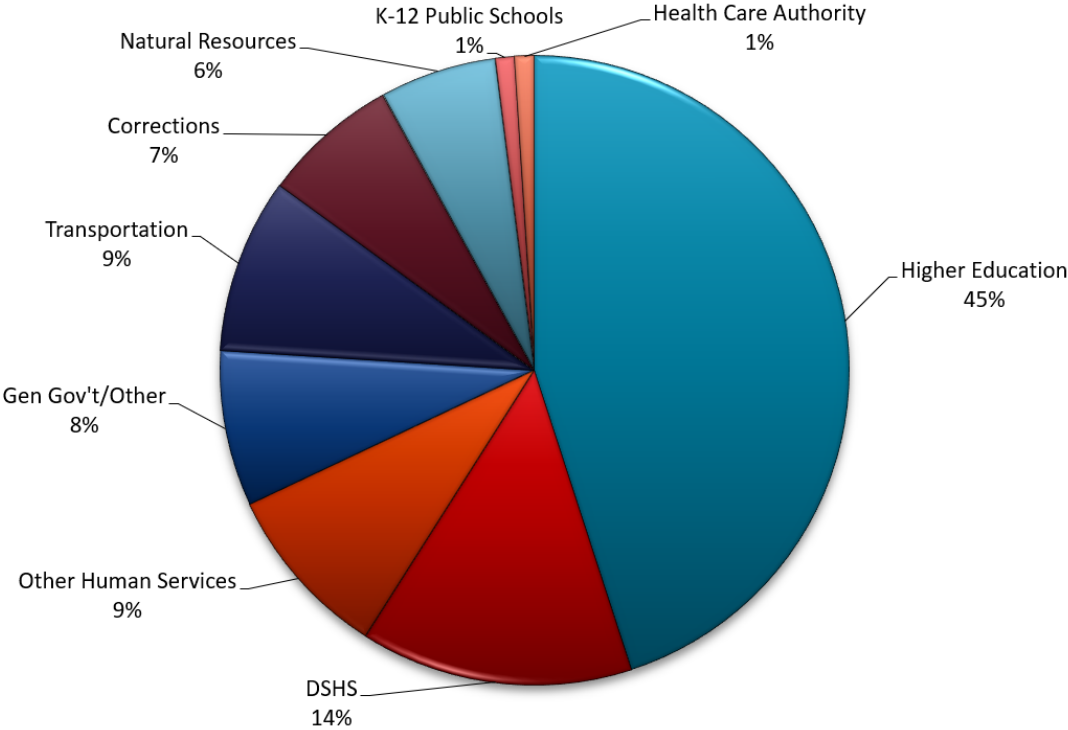
What Does the State Purchase?



Note: Most K-12 spending is displayed as Grants, Benefits, and Client Services.

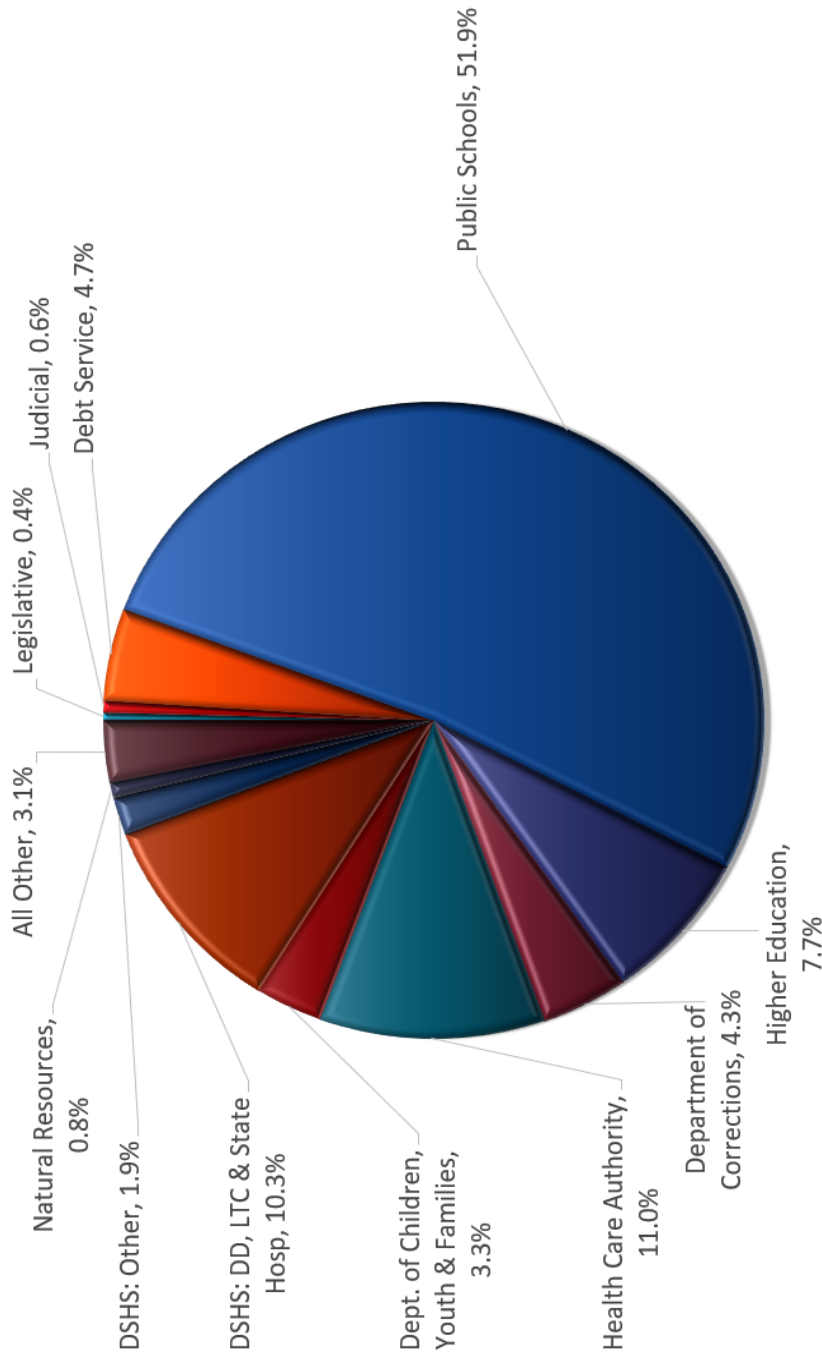
FY 2019: Actual Spending By Object
Total Budgeted Operating Funds (\$49.2 billion)
(Includes transportation operating)

Where Do State Employees Work?



FY 2019: Actual FTEs
(Operating, Capital, and Transportation Total Budgets; 116,895 FTEs)

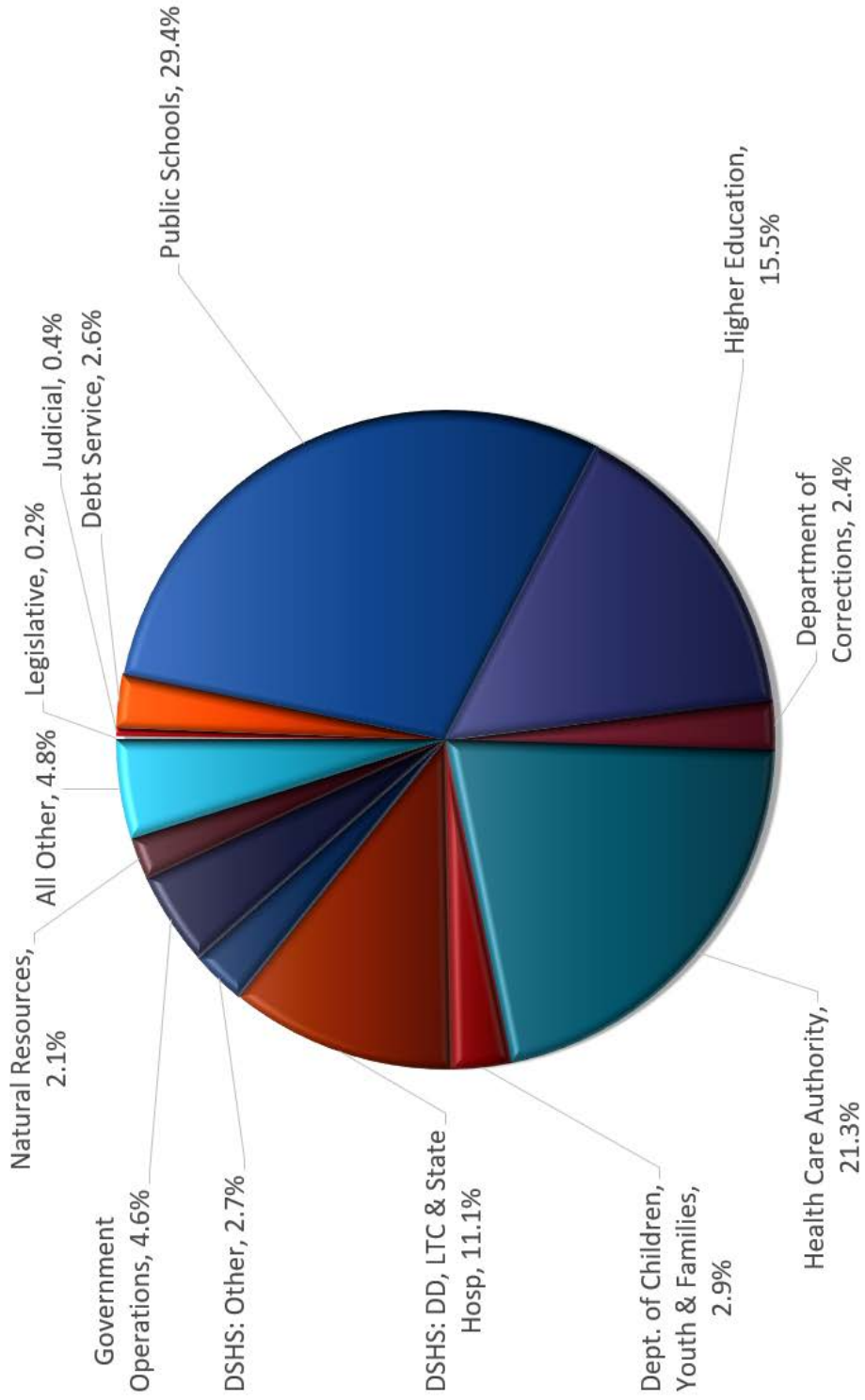
Where Are State General Fund and Related Accounts Spent?



2019-21 Operating Budget (\$52.5 billion)

GF-S, Education Legacy, and Opportunity Pathways

Where Are Total Budgeted Funds Spent?



2019-21 Operating Budget (\$99.7 billion)

**2019-21 Near General Fund–Outlook
Appropriations (Enacted Budget)
(Dollars in thousands)**

Legislative	\$190,001
Judicial	\$332,748
Natural Resources	\$438,313
Corrections	\$2,234,185
DSHS-DD, LTC, & MHD	\$5,383,896
DSHS-All Other	\$1,009,623
Health Care Authority	\$5,779,026
Public Schools	\$27,245,910
Higher Education	\$4,038,399
Debt Service	\$2,462,066
All Other (Including Governmental Operations)	\$3,384,455
Total	\$52,498,622

See Appendix 2 for 2019-21 operating budget appropriations by agency (and program for certain agencies).

Operating Budget Drivers

(Covers about 90% of the NGF-O Budget)

Public Schools (51.9%)

- ▶ Enrollment
- ▶ Inflation
- ▶ Staff Mix

Low Income Health (10.3%)

- ▶ Caseloads
- ▶ Utilization & Inflation
- ▶ Health Care Reform

Debt Service (4.7%)

- ▶ Capital Budget (size)
- ▶ Interest Rates

Higher Education (7.7%)

- ▶ Mostly Discretionary
- ▶ Enrollment
- ▶ Tuition & Financial Aid

Corrections (4.3%)

- ▶ Inmate Population
- ▶ Inmate Mix
- ▶ Community Supervision

DD, LTC, and MHD (10.3%)

- ▶ Population/Caseloads
- ▶ Acuity Mix
- ▶ Care Settings

Operating Budget History

NGF-O Functional Area History*

(\$ in thousands)

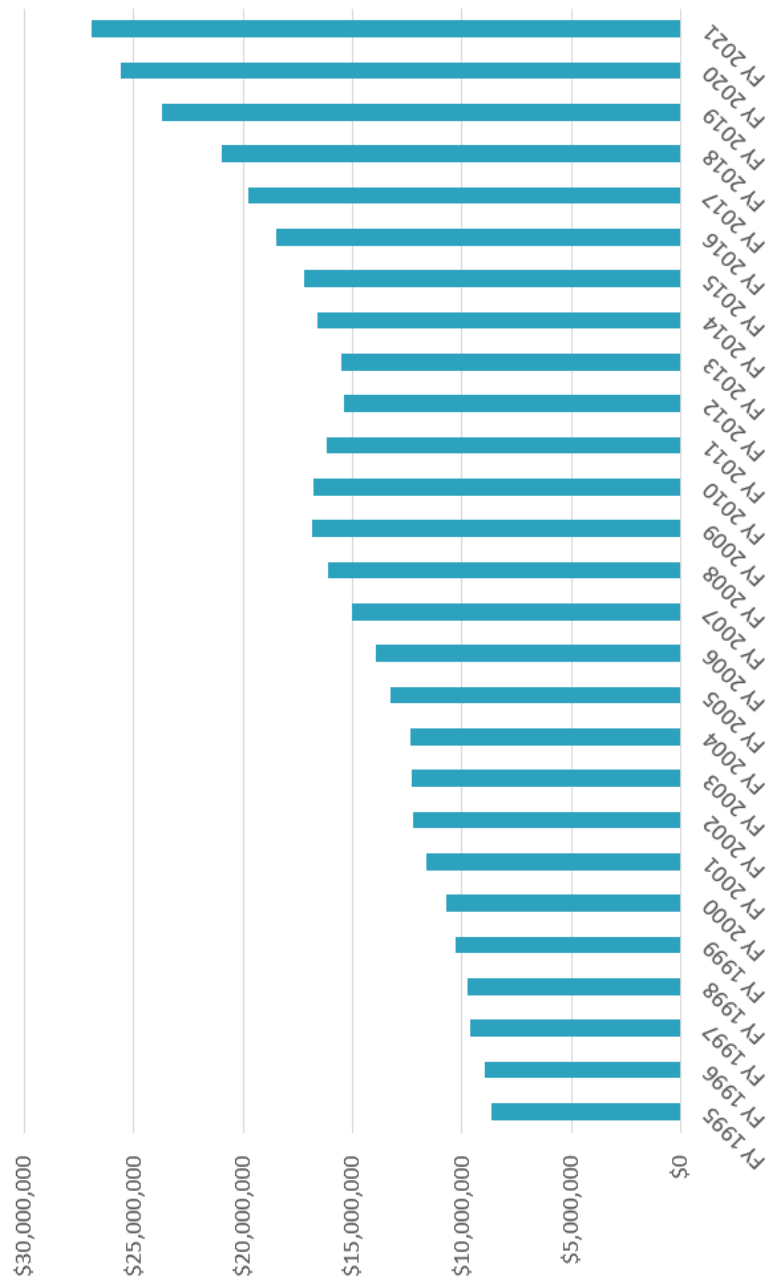


(\$ in thousands)

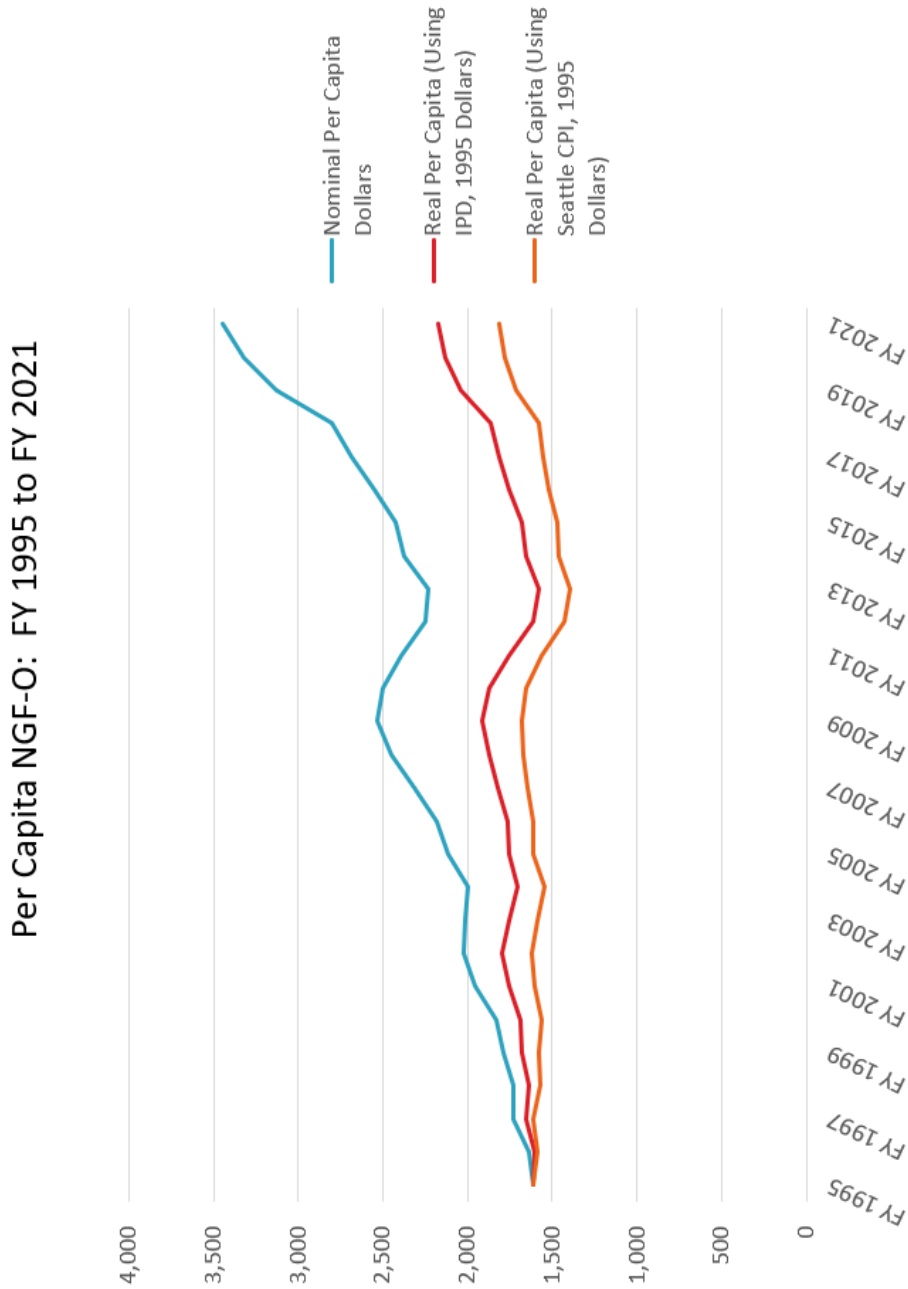
	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
K-12 Public Schools	\$13,646,457	\$13,625,730	\$13,437,825	\$15,265,522	\$18,122,604	\$22,654,762	\$27,245,910
Health/Human Services	\$12,064,489	\$12,236,082	\$11,031,532	\$11,623,505	\$12,505,044	\$13,974,155	\$14,406,730
Higher Education	\$3,580,950	\$3,194,142	\$2,733,672	\$3,086,538	\$3,552,665	\$3,711,185	\$4,038,399
All Other	\$4,122,368	\$3,909,705	\$3,696,146	\$3,903,083	\$4,025,176	\$4,343,503	\$6,807,583
Total	\$33,414,264	\$32,965,659	\$30,899,175	\$33,878,648	\$38,205,489	\$44,683,605	\$52,498,622

* For comparison purposes, adjusted for federal ARRA and related funding, the one-time apportionment delay (between 2009-11 and 2011-13), and certain large one-time appropriations into "reserve" accounts. 2007-09 through 2017-19 are actual expenditures, and 2019-21 is budgeted expenditures. Some of the major budget changes during this period include changes related to the great recession, the McCleary court decision, behavioral health court decisions, moving behavioral health community programs from DSHS to the Health Care Authority, and moving early learning and DSHS childrens and juvenile rehabilitation programs into a new agency (the Department of Children, Youth, and Families).

NGF-O & Related Fund Spending: FY 1995 to FY 2021
(Dollars in thousands)

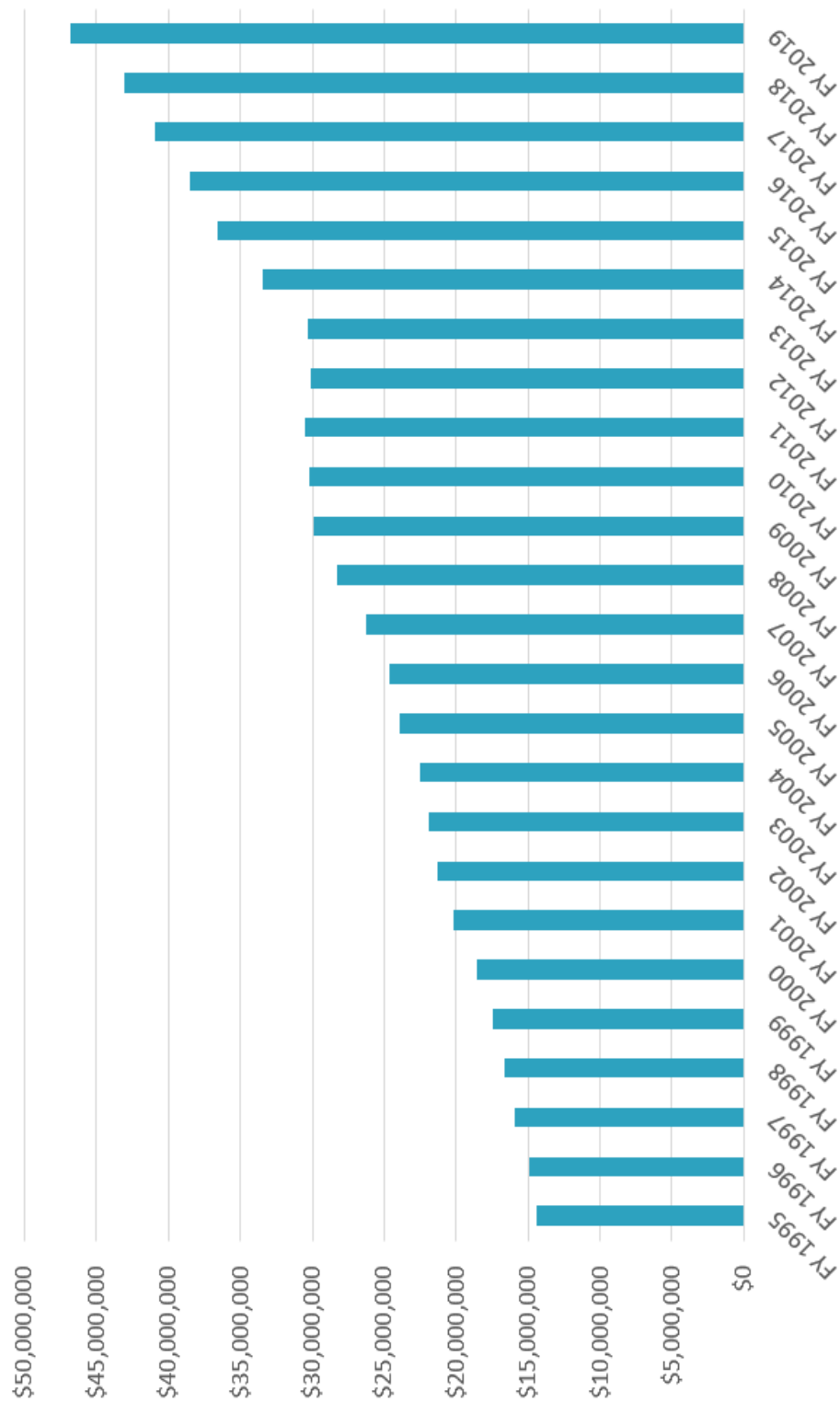


Note: Data is adjusted to add ARRA and education jobs funding used as a direct offset to NGF-O expenditures. Data is adjusted to reverse the apportionment delay, certain large one-time appropriations into “reserve” accounts, as well as changes to timing of debt service payments. FYs 20 and 21 reflect the enacted budget. All other years reflect actual expenditures.



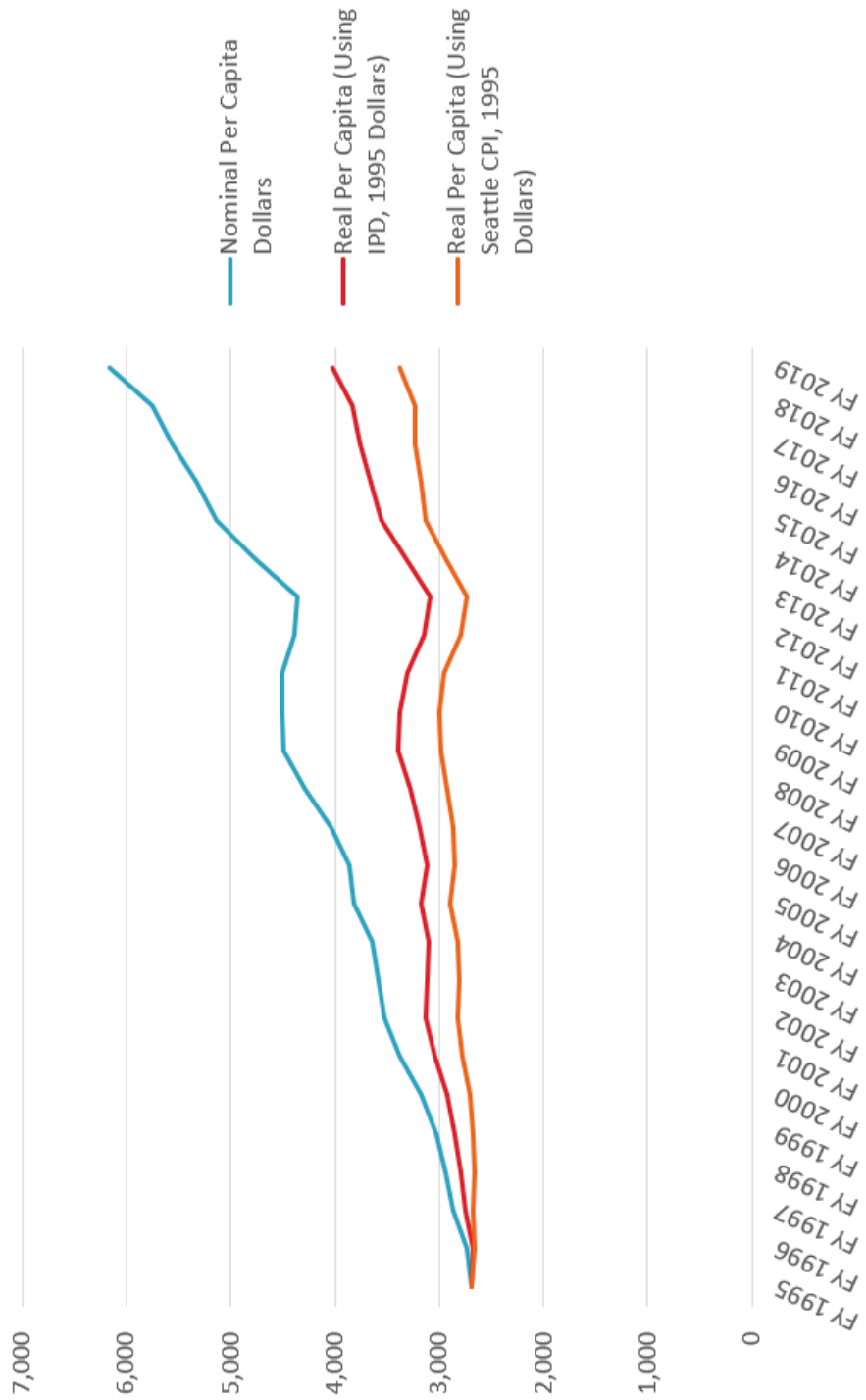
Note: Data is adjusted to add ARRA and education jobs funding used as a direct offset to NGF-O expenditures. Data is adjusted to reverse the apportionment delay, certain large one-time appropriations into “reserve” accounts, as well as changes to the timing of debt services payments. Inflation and population measures are from the November 2019 economic and revenue forecast. FYs 20 and 21 reflect the enacted budget. All other years reflect actual expenditures.

Total Budgeted Funds Spending: FY 1995 to FY 2019



*Omnibus Operating Budget only (excludes Capital and Transportation Budget expenditures). Adjusted to reverse the apportionment payment, certain one-time appropriations into “reserves”, as well as changes to timing of debt service payments.

Per Capita Total Budgeted Funds Spending: FY 1995 to FY 2019



*Omnibus Operating Budget only (excludes Capital and Transportation Budget expenditures). Adjusted to reverse the apportionment payment, certain one-time appropriations into “reserves”, as well as changes to timing of debt service payments. Inflation and population measures are from the November 2019 economic and revenue forecast.

A Brief History of the Operating Budget (With Apologies to Stephen Hawking)

Note: This section will focus on revenue to and appropriations from the state general fund (GF-S) and a few related accounts (together commonly referred to as Near General Fund accounts, unless otherwise specifically noted. Related accounts typically have been the Education Legacy Trust Account (estate tax) and Opportunity Pathways Account (lottery).

2001-03 Biennium

The 2001-03 biennial budget adopted in 2001 was \$25.1 billion (the final 1999-01 budget was \$22.6 billion). As the Legislature deliberated in 2001, revenue was forecasted to grow a modest 3.8% over the previous biennium. (Average revenue growth historically has been about 9% per biennium.) The maintenance level budget, the cost to continue 1999-01 state services into the new biennium, was \$1.6 billion above the previous budget, due in large part to increased health care costs and the passage of I-728 (\$470 million for the biennium) and I-732 (\$348 million for the biennium). Responding to the Nisqually earthquake was also a consideration for the 2001 Legislature.

The 2002 Legislature faced a significant budget challenge in the 2001-03 biennial budget adopted the previous year from reduced revenue (9/11 and other economic related issues) and increased caseload related costs in K-12 and health care. In the 2002 Supplemental Budget, the Legislature addressed an approximately \$1.5 billion shortfall (\$1.2 billion in revenue forecast reductions and \$300 million in additional costs) by:

- Making budget reductions of \$332 million;
- Increasing ongoing revenue by \$88 million;
- Selling a portion of the state's tobacco settlement, which generated \$450 million for deposit into the general fund;
- Transferring \$325 million from the Emergency Reserve Account to the general fund;
- and
- Using \$303 million of budget reserves.

In the 2003 Supplemental Budget for the 2001-03 biennium, appropriations were increased by \$130 million. The final 2001-03 biennial appropriation level was \$24.6 billion.

2003-05 Biennium

In the 2003 session, the 2003-05 maintenance level budget, the cost to continue existing state services into the new biennium, was \$1.2 billion higher than available forecasted revenue. When a shortfall in the Health Services Account and other items were added, the budget problem was about \$2 billion. The Legislature solved the budget problem by:

- Approximately \$1.3 billion in budget reductions to maintenance level in all areas of the budget;
- \$131 million in new revenue;
- \$237 million in I-728 modifications;
- \$78 million in additional nursing home fees; and
- \$302 million in various transfers.

The 2003-05 biennial budget appropriation level adopted in 2003 was \$25.1 billion.

In 2004, revenue was stronger than expected, and with \$62 million in fund transfers, the 2004 Supplemental Budget increased the appropriation level for the 2003-05 budget by \$190 million.

The 2005 Supplemental Budget increased appropriations for the 2003-05 budget by \$314 million. The final 2003-05 biennial budget appropriation level was \$25.6 billion.

2005-07

Revenue was forecasted to increase by \$1.6 billion (7%) for the 2005-07 biennium, while the maintenance level budget increased by \$2 billion; the Legislature chose to fund a number of policy enhancements (COLAs, additional higher education capacity, etc.), resulting in a \$3.4 billion increase in the projected spending level, \$1.8 billion above projected revenue. The Legislature addressed this by:

- Increased revenue of \$482 million (including revenue going into the new Education Legacy Trust Account from the re-enacted estate tax and an increase to the cigarette tax);
- Budget reductions of \$557 million; and
- Using \$774 million of fund balances, fund transfers, and budget driven revenue.

The maintenance level cost increases were primarily driven by medical assistance (over \$650 million), pensions (\$513 million), and K-12 student enrollment (\$354 million). One of the policy level items was \$306 million for negotiated collective bargaining agreements; 2005-07 was the first biennium for consideration of these agreements under the new law.

The 2005-07 biennial budget enacted in 2005 was \$28.3 billion.

Revenue increased \$1.4 billion from March 2005 (forecast used to develop the 2005-07 biennial budget) to February 2006 (forecast used to develop the 2006 supplemental). The 2006 Supplemental Operating Budget increased appropriations by \$1.3 billion, including setting aside \$350 million into the new Pension Funding Stabilization Account, \$275 million into the Student Achievement Account, and \$200 million into the Health Services Account for future use.

The 2007 Supplemental Budget increased biennial appropriations by \$541 million, with all but \$16 million being set aside for use in the 2007-09 biennium. The final 2005-07 biennial budget appropriation level was \$30.2 billion

2007-09

Forecasted revenues continued to be stronger than anticipated going into the 2007 session, primarily due to the construction and real estate sectors. The 2007-09 biennial budget appropriation level was approximately \$3.1 billion more than the final 2005-07 budget, about \$1 billion in maintenance level increases and \$2.1 billion in net policy enhancements. Approximately half of the policy enhancements went for early learning and K-12 public schools. Also, \$440 million went to increasing enrollments and financial aid, among other things, in higher education. The 2007-09 biennial budget enacted in 2007 was \$33.4 billion.

The 2008 Supplemental Budget increased the biennial appropriations by \$103 million and left \$850 million in reserves (GF-S and Budget Stabilization Account).

Economists determined that the recession officially began in December 2007, although unemployment did not significantly begin to increase in Washington State until June 2008. In 2008 and March 2009, negative revenue forecast changes reduced the FY 2009 and biennial 2009-11 revenue forecasts by a combined \$5.7 billion.

The 2009 Supplemental Budget shortfall facing the 2009 Legislature was \$1.7 billion for the last six months of FY 2009. Three bills enacted during the 2009 session made 2009 supplemental changes to the 2007-09 biennial budget (ESHB 1694 - relating to fiscal matters, ESSB 5460 - relating to administrative costs of state government, and a portion of ESHB 1244 - the operating budget). The supplemental changes included use of federal stimulus funds from the American Recovery and Reinvestment Act (ARRA) of about \$900 million, budget reductions of about \$300 million, and fund transfers (including the Budget Stabilization Account) of about \$500 million. The final 2007-09 biennial budget was \$32.6 billion.

2009-11

The March 2009 revenue forecast for 2009-11 was \$30.4 billion. The NGF-S maintenance level budget was \$37 billion, \$6.6 billion above the forecasted revenue for the biennium. This, in addition to \$300 million in policy additions and leaving \$500 million in unrestricted reserves, meant the 2009 Legislature faced a 2009-11 biennial budget problem of approximately \$7.4 billion. The Legislature addressed this by:

- Using \$2 billion in federal stimulus (ARRA);
- Making \$3.6 billion in budget reductions;
- Using \$700 million in capital budget funds;
- Modifying pension laws saved \$450 million; and
- Fund transfers and revenue enhancements.

The 2009-11 biennial budget adopted in 2009 was \$31.4 billion.

After the 2009 session, projected revenue for the 2009-11 biennium declined by about \$1.8 billion. The 2010 Legislature faced a \$2.8 billion budget problem when maintenance level increases (\$660 million) and policy additions adopted by the Legislature (\$369 million) are added to the reduced revenue. The Legislature addressed this in the 2010 supplemental budget by:

- \$618 million in additional federal funds;
- \$721 million in budget reductions;
- \$761 million in various revenue increases; and
- \$690 million in fund transfers and use of reserves.

After the 2010 session, forecasted revenue for the biennium declined by \$1.4 billion total in the June and November forecasts, leaving a \$1.1 billion budget problem for FY 2011 when maintenance level changes are included. In a one-day special session on December 11th, the Legislature enacted \$490 million in reductions (including \$208 million by using federal education jobs funding), \$54 million in fund transfers, and \$44 million in budget driven and other revenue, cutting the FY 2011 shortfall in half. After the December 11, 2010 special

session, there remained a budget problem of about \$538 million in FY 2011 to be solved by the 2011 Legislature.

The 2011 supplemental budget increased 2009-11 appropriations by \$29 million, leaving a 2009-11 final biennial budget of \$30.4 billion.

2011-13

As the Legislature began to craft the budget for the 2011-13 biennium, the estimated cost of continuing the current and statutorily required programs into the 2011-13 biennium was about \$3.7 billion more than projected revenues. The 2011-13 biennial budget problem increased further when \$424 million in additional policy adds were included, such as repaying the delayed June 2011 K-12 apportionment payment, beginning the new education funding formula, increasing the State Need Grant to keep pace with assumed increases in tuition, and leaving projected reserves of \$741 million (\$282 million of which was in the Budget Stabilization Account). The budget problem statement for the 2011-13 biennium of about \$5 billion was addressed in the 2011-13 biennial budget through policy level reductions of approximately \$4.5 billion and through fund transfers and resource changes, leaving an enacted spending level of \$32.2 billion.

After the 2011-13 biennial budget was enacted in May 2011, projected revenues for that biennium declined by another \$2.2 billion. As of the November 2011 revenue forecast, the \$741 million in ending reserves for the 2011-13 biennium had become a negative \$1.4 billion.

In a total of four legislative sessions from November 2011 through April 2012, the Legislature took actions that cumulatively improved the budget situation by approximately \$1.7 billion, leaving projected reserves of \$311 million (\$265 million in the Budget Stabilization Account, and \$46 million in Near General Fund accounts). Legislative actions taken included reducing Near General Fund appropriations by approximately \$1 billion. Revenue-related legislation was projected to increase Near General Fund resources by a net of \$228 million (\$144 million from redirecting existing revenues into the state general fund, \$51 million from changes in the administration of unclaimed property, and \$33 million from a variety of other actions). Finally, Near General Fund resources were also increased by a net of \$372 million as a result of fund transfers and an adjustment to working capital reserve.

The final 2011-13 biennial budget was \$31.5 billion.

2013-15

The Legislature entered the 2013 session with a slowly improving economy, rising caseload and per capita costs, as well as other fiscal issues to consider including how to address the state 2012 Supreme Court's McCleary decision (K-12 funding). In the 2013-15 biennium, the cost of continuing current programs and complying with current laws exceeded forecasted revenue by approximately \$800 million.

The operating budget for 2013-15 included \$1.7 billion in additional policy enhancements (\$1.03 billion of that in K-12 education). Taken together with leaving an ending fund balance and the maintenance level shortfall, the combined budget problem statement was approximately \$2.5 billion.

The budget addressed this budget problem statement through:

- Fund transfers and revenue redirections of \$519 million;

- Reduced spending of about \$1.55 billion;
- Assumed reversion of \$140 million; and
- Increased revenue of \$259 million (primarily Bracken and telecommunications).

The 2013-15 biennial budget adopted in 2013 was \$33.6 billion.

The legislature met in a November 2013 special session and adopted ESHB 2088 which appropriated \$10 million for various aerospace related training activities, and enacted ESSB 5952 relating to tax preferences for the aerospace industry.

Going into the 2014 session, the legislature experienced a better budget situation than the previous session for the first time in several years. The revenue forecast increased since the Legislature finished at the end of the previous June, resulting in projected ending total reserves of \$960 million (\$379 million in Near General Fund accounts and the remainder in the Budget Stabilization Account). By the time the Legislature wrote the 2014 supplemental operating budget, the total surplus had increased \$1.02 billion, primarily from the February revenue forecast update.

The enacted 2014 supplemental budget addressed an increase in net maintenance level costs (caseloads and federal match rate adjustments) of \$89 million, and a net policy level increase of \$66 million (Governor vetoes reduced this to \$63 million.) There were a few small resource changes as well.

The final 2013-15 biennial budget appropriations level was \$33.9 billion.

2015-17

The legislature entered the 2015 session with revenue continuing to grow at a steady pace, as well as increased maintenance costs. Revenues for 2015-17 were forecasted to be \$3.2 billion higher than the 2013-15 revenues; however, the cost of continuing the 2013-15 budget in 2015-17 (maintenance level) was projected to increase by about \$5.3 billion. \$4.3 billion of the maintenance level increase was in K-12, \$2 billion of which was the estimated cost to implement newly enacted Initiative 1351 (class size). The legislature faced a \$2.1 billion budget problem/challenge. The legislature also continued to grapple with the McCleary K-12 Supreme Court decision and court cases related to mental health.

The legislature adopted \$2 billion in policy enhancements in the 2015-17 biennial budget: \$744 million in K-12; \$351 million in higher education (including a tuition reduction); \$159 million in early learning; \$104 million for mental health; and about \$650 million in other items. This and leaving an ending fund balance of \$343 million increased the budget problem statement to \$4.5 billion.

The legislature addressed this through:

- Budget reductions/savings of \$3 billion (primarily by suspending implementation of I-1351 until FY 2020 saving \$2 billion, \$152 million by extending and modifying the hospital safety net, and using \$235 million in marijuana related revenue to support existing programs).
- Legislation that increased revenues by \$217 million.
- Fund transfers and revenue redirections of \$178 million;

- Utilizing a portion of the beginning fund balance, assuming additional reversions, and other actions.

The 2015-17 biennial budget adopted in 2015 had an appropriation level of \$38.2 billion.

In the 2016 session, the legislature adopted the 2016 supplemental budget, making changes to the 2015-17 biennial budget enacted in June 2015. In writing the 2016 supplemental, revenues had increased by \$270 million and maintenance level costs had increased by \$203 million. Policy level changes were a net -\$12 million, with \$248 million in enhancements and \$260 million in reductions/savings. In addition, \$190 million in fire related costs were funded through the Budget Stabilization Account. The estimated NGF-S ending fund balance was \$508 million with a Budget Stabilization Account ending fund balance projected to be \$701 million.

The 2017 supplemental operating budget reduced 2015-17 appropriations by \$28 million. The final 2015-17 biennial budget appropriations were \$38.5 billion.

2017-19

The legislature entered the 2017 session with revenue continuing to grow as well as increased maintenance costs. Revenues for 2017-19 were forecasted to be \$2.6 billion higher than the 2015-17 revenues; however, the cost of continuing the 2015-17 budget into 2017-19 (maintenance level) was projected to increase by about \$3.2 billion. \$2.0 billion of the maintenance level increase was in K-12. Other increases were primarily in programs in DSHS and the Health Care Authority.

The legislature adopted \$3.2 billion in policy enhancements in the 2017-19 biennial budget, including \$1.8 billion for K-12 and McCleary related compensation, \$454 million for employee compensation including health benefits, \$226 million for long-term care and developmentally disabled increases including home care worker compensation, \$117 million for mental health related programs, and \$114 million for higher education institutions and financial aid. These policy enhancements, maintenance level increases, and leaving a \$925 million ending fund balance left the legislature with a 2017-19 biennial budget problem statement of about \$3.4 billion.

The legislature addressed this through:

- New legislation that increased revenue by \$2 billion;
- Fund transfers and revenue redirections of \$328 million;
- Spending reductions of \$1.1 billion;
- Utilizing part of the beginning fund balance, assumed reversions of \$217 million, and other adjustments.

The 2017-19 biennial budget enacted in 2019 was \$43.7 billion.

In the 2018 session, the legislature adopted the 2018 supplemental operating budget, making changes to the 2017-19 biennial budget enacted the previous year. In writing the 2018 supplemental, revenues had increased by \$1.2 billion million and maintenance level costs had decreased by \$146 million. The 2018 supplemental increased spending by approximately \$1.1 billion. \$699 million of the increase was for K-12 and \$143 million was for mental health. In addition, \$105 million was appropriated from the Dedicated McCleary Account for K-12. The final 2017-19 biennial budget was \$44.9 billion.

During this biennium, the Legislature created a new state agency, the Department of Children, Youth, and Families. The new agency consists of the previous Department of Early Learning and the relocated DSHS divisions for children and family services and juvenile rehabilitation. The legislature also moved the community mental health in DSHS to the Health Care Authority, combining community mental health services with physical health services under one agency. (Note that state mental health facilities remain under DSHS.)

2019-21

Revenues for the 2019-21 biennium were forecasted to be \$4.5 billion higher than the 2017-19 biennium. The cost of continuing the 2017-19 budget into 2019-21 was projected to increase by about \$5.8 billion. Approximately two-thirds of the maintenance level increase was in K-12.

The legislature adopted \$2 billion in net policy increases in the 2019-21 biennial budget, including \$665 million for K-12, \$456 million for state employee compensation (including higher education), \$172 million for behavioral health programs, \$125 million for programs for children, youth, and families, \$230 million for long-term care and developmental disabilities programs, and \$98 million for natural resources programs.

The legislature established a new account for higher education with a dedicated revenue stream (B&O tax increases on certain businesses). The State Need Grant was broadened and renamed the Washington College Grant program. \$375 million was appropriated from the new Workforce Education Investment Account (not part of Near General Fund accounts and not subject to the budget outlook) for the 2019-21 biennium, including an increase of \$160 million for the Washington College Grant program.

The Near General Fund 2019-21 biennial budget adopted in 2019 was \$52.5 billion.

Functional Areas

Overview

State agencies have traditionally been categorized into one of several functional areas for budgeting purposes. While appropriations are made to specific agencies rather than to functional areas, functional areas provide a useful tool for understanding the allocation of state resources and analyzing trends. Functional areas currently used in the operating budget include:

- General Government: Legislative includes the state House of Representatives, the Senate, and other legislative agencies. Judicial includes the Supreme Court, the Court of Appeals, and other state judicial agencies. Governmental operations includes most of the state-wide elected officials and a conglomeration of agencies that do not fit neatly into the other functional areas. The largest governmental operations agencies are the Department of Commerce, the Department of Enterprise Services, and the Department of Revenue.
- Health and Human Services includes those agencies charged with serving the health and safety needs of the state's population, such as the Health Care Authority and the Department of Social and Health Services, the Department of Corrections, the Department of Veterans Affairs, the Department of Health, and the Department of Children, Youth, and Families.
- Natural Resources includes those agencies responsible for overseeing environmental quality or resources efforts (e.g., Department of Ecology and Department of Fish and Wildlife), promoting outdoor recreational opportunities (e.g., State Parks and Recreation Commission), and managing state lands and waters for resource production and other benefits (e.g., Department of Natural Resources).
- Transportation is part of the Washington State Patrol and the Department of Licensing. The majority of these agencies' budgets are appropriated in the Transportation Budget.
- Public Schools is state support for K-12 public schools, including the Office of the Superintendent of Public Instruction and funds apportioned to local school districts. Other Education includes the state historical societies, the state schools for deaf and blind children, the Washington State Arts Commission, and the Workforce Training and Education Coordinating Board.
- Higher Education includes support for the state's six four-year institutions and the 34 colleges that make up the community and technical college system, as well as financial aid through the Student Achievement Council.
- Special Appropriations includes debt service on state bonds (issued for capital budget projects), sundry claims, special appropriations to the Governor, LEOFF and Judicial pensions, and various adjustments. Global items, things that apply to all of state government such as pensions and health care benefits, typically are considered as one item during budget discussions and then distributed among the state agencies in the budget itself or the allotment process.

See Appendix 2 for a summary of 2019-21 operating budget appropriations for state agencies.

GENERAL GOVERNMENT

General Government/Governmental Operations

General government agencies include legislative agencies, judicial agencies, and a number of executive agencies. This section will highlight a few of the larger general government agencies.

The Office of the Attorney General (AG) - The AG serves as legal counsel to state agencies and higher education institutions, and represents the state when it is sued. The office also assists local prosecuting attorneys in some investigations and prosecutions. The AG functions include a Consumer Protection Division, Civil Commitment of Sexually Violent Predators, a Homicide Investigation Tracking System, Criminal Investigation/Prosecution Unit, Anti-Trust Division, Medicaid Fraud Control Unit, and the Public Counsel Section (which represents the public in utility rate cases). Approximately 9% of the AG's operating budget is appropriated directly to the AG from the state General Fund (GF-S), but a significantly larger amount of GF-S moneys are appropriated to state agencies which then pay the AG for legal services. About half of the direct GF-S appropriation is for actions related to civil commitment of sexually violent predators and about one-quarter is for consumer protection activities. About 77% of the AG's 2019-21 total budget of \$341 million is for legal services to state agencies.

Office of the State Auditor - The Auditor conducts financial audits of state agencies and local governments. The Auditor also administers the State Employee Whistleblower Act. Legislation and Initiative 900 give the Auditor authorization to conduct performance audits of state agencies and local governments. The Auditor's 2019-21 total budget is \$102 million.

Office of the Secretary of State - Primary duties include supervising state and local elections, filing and verifying initiatives and referendums, producing the state voters pamphlet, registering corporations and charities, the State Library and various library services, and managing the State Archives. TVW is funded through the Secretary of State's office. The Secretary of State's 2019-21 total budget is \$119 million.

Office of the State Treasurer - The Treasurer is the primary administrator of the state's financial resources as directed by the Legislature. The Treasurer administers issuance of bonds and payment of state debt (the agency provides staff assistance to the State Finance Committee and the Treasurer serves on the committee). The Treasurer also manages state funds and accounts and payment of warrants. The Treasurers total budget for 2019-21 is \$20 million.

The Department of Commerce - Formerly the Department of Community, Trade, and Economic development (CTED), its name was changed in 2009 (ESB 2242) and mission refocused in 2010 (2SHB 2658). Commerce's programs are divided into five divisions: (1) Local Government; (2) Community Services and Housing; (3) Office of Economic Development and Competitiveness; (4) Energy; and (5) Director's Office. In restructuring the department, a number of programs and services were transferred to other state agencies. Commerce's 2019-21 total budget is \$668 million, the larger expenditures including about \$246 million for homeless housing assistance, affordable housing including preservation, and other housing programs, \$88 million for low income home energy assistance, \$63 million for community development and services block grants and supporting community capacity, and \$116 million for crime victims programs. Other programs and services administered by Commerce included business and economic development programs, small business export assistance, growth management, the Developmental Disabilities Council, and the Long-Term Care Ombudsman program.

The Department of Financial Institutions (DFI) and the Office of the Insurance Commissioner (OIC) - These agencies oversee the financial and insurance industries in Washington State. The DFI focuses on state chartered banks and credit unions, securities transactions, and regulates a variety of other consumer lending/financial industries and services.

DFI's total budget for 2019-21 is \$60 million. OIC focuses on supervision of insurance companies, insurance rates and forms, and consumer protection. The OIC's total budget for 2019-21 is \$74 million.

The **Military Department** - Houses the Washington Army National Guard, the Washington Air National Guard, the State Emergency Management Division, and coordinates homeland security for the state. The Military Department's 2019-21 total budget is \$313 million, about 68% for disaster preparedness, prevention, response, and recovery and about 14% goes for enhanced 911.

The **Department of Revenue (DOR)** - DOR is the state's principle tax collection agency, collecting most general fund and related accounts tax revenues and all local sales tax revenues. In addition to providing a variety of services related to taxes and revenue, DOR handles unclaimed property in Washington. DOR's 2019-21 total budget is \$313 million.

The **Department of Enterprise Services (DES)** – DES was created in 2011 by merging the former Department of General Administration and the State Printer, part of the former Department of Information Services (with part becoming the office of the Chief Information Officer in the Office of Financial Management and part becoming Consolidated Technology Services), and part of the Office of Financial Management (contracts and statewide vendors, risk management, and small agency client services). The DES 2019-21 total budget is \$402 million.

DES services include:

- Information Technology, printing, and communications support;
- Development and management of contracts for goods and services throughout the state;
- Employee services and human resource support including: Management of the state's central payroll system, training, the Employee Assistance Program, services for small agencies and recruitment services;
- Management of the state's risk-management program;
- Oversight of public facilities and statewide public works projects, providing guidance for long-term design and maintenance of public facilities, and negotiating and managing leases on behalf of state government; and
- Managing and operating the state's mail delivery, motor pool, and surplus programs.

The **Office of the Chief Information Officer (OCIO)** was created in the Office of Financial Management and is primarily responsible for statewide technology policy and standards. In 2015, the OCIO was moved to Consolidated Technology Services, and the Chief Information Office is the director of CTS (which informally is referred to as WaTech).

Consolidated Technology Services operates the State Data Center and the data center located in Office Building 2, and offers the following IT services to state and local governments and tribes: mainframe computing, network operations and telecommunication, shared e-mail, IT security, and storage. In 2015, the OCIO was added to CTS. CTS' total budget is \$270 million.

Central Services Revolving Funds

There are a number of services provided by a single general government agency to state government in general or to a significant number of agencies. These services are budgeted using a central services cost allocation system, where there is an appropriation made for the state agency providing the central service and an appropriation in each of the agencies receiving the service. The receiving agency pays the central service agency for the service. All the agency's fund sources are used proportionally to pay for the central service. Very roughly, the GF-S portion of central services is about 50%. The central services revolving funds include:

- Data Processing Revolving Account (primarily IT and telecom services/software/equipment through DES)

- Enterprise Services Account (primarily master contracting, fleet, consolidated mail, facilities, building and grounds, printing, real estate services, energy services, and small agency services through DES)
- Legal Services Revolving Fund (legal services through the Attorney General)
- Risk Management Revolving Account (primarily for costs related to liability, property and vehicle claims, settlements and judgments, and the purchase of insurance through DES.)

*EARLY LEARNING and other
PROGRAMS in the
DEPARTMENT OF
CHILDREN, YOUTH, and
FAMILIES*

The Department of Children, Youth, and Families

The Department of Children, Youth, and Families (DCYF) was created in 2017 (by HB 1661). The agency administers programs that were previously in the Department of Early Learning (this agency was eliminated) and all programs previously in the Children's Administration and Juvenile Rehabilitation divisions in DSDS. DCYF's programs include the Early Childhood Education and Assistance Program, licensing childcare providers, setting policy for childcare subsidies, and Working Connections Child Care. DCYF also administers Child Protective Services and Family Assessment Response, foster care, and adoption support, as well as juvenile rehabilitation institutions and community facilities, and well as juvenile parole services.

Major programs/services

Early Learning and Child Care

- Early Childhood Education and Assistance Program (ECEAP)** – ECEAP is the state funded preschool program that incorporates child health and family engagement services. Subject to the amount of funding, the program serves 3 and 4-year olds from families at or below 110% of the federal poverty line, foster children, or children with disabilities. Head Start is similar to the ECEAP but is federally administered and funded. The federal government contracts directly with Head Start providers. Head start funding does not flow through the state budget. Up to 25% of ECEAP children can be from families above the income level if they meet certain criteria. The legislature funds a certain number of ECEAP slots in the budget. ECEAP is to become a statutory entitlement for all eligible three and four-year olds beginning in the 2022-23 school year. (In 2010, the Legislature made ECEAP a statutory entitlement for all eligible 3 and 4-year olds (2SHB 2731) beginning in FY 2019. That statutory entitlement date has been extended to 2022.)

ECEAP Slots			
	2012 (act.)	2018 (act.)	2021 (est.)
Part day (2.5 hrs)	8,391	10,037	10,387
School day (6 hrs)		1,998	3,625
Workday (10 hrs)		456	650
Total ECEAP slots	8,391	12,491	14,662

- Working Connections Child Care** –Subsidized child care is available through the WCCC program (federally and state funded) for eligible families. DCYF is the lead agency for subsidized child care, and eligibility determinations are through the department. Funding for child care is in both DCYF and DSHS’s budgets.

Working Connections Child Care			
	2012 (act.)	2018 (act.)	2021 (est.)
Avg # kids served	43,826	51,742	51,406

- DCYF administers the **Early Achievers** program, Washington’s child care quality rating and improvement system. This is a voluntary program for child care and Head Start providers. ECEAP providers are required to participate in Early Achievers, and providers receiving subsidy payments are expected to make progress achieving a level 4 or higher (out of 5 levels) within 24 months of enrollment.
- Other DCYF programs and services include:
 - **Home visiting** – DCYF contracts for services to provide family assistance for low-income or at-risk families to promote healthy and safe child development, strengthen parent child interactions, and promote early learning.
 - **Early Support for Infants and Toddlers** – DCYF administers this federal program by contracting with local agencies to coordinate early intervention services for children aged birth to three with developmental delays. Services include family resources coordination, physical therapy, speech/language therapy, and audiology. Funding for the program is in the Office of the Superintendent of Public Instruction's budget.
- DCYF administers **child care licensing programs** for centers and family child care homes.

Children and Family Services

- **Family Support Services** - Provides services to help children and families safely avoid out-of-home placement such as parenting skills training and evidence-based programs. Services include those provided through Family Assessment Response (FAR), an alternative to investigation for cases screened-in for low to moderate-risk child maltreatment, and voluntary services to help stabilize families.
- **Foster Care Payments** - Provides monthly maintenance payments for children in licensed family foster care and other services to children in out-of-home placement. Services include child care for employed foster parents and supervised visits between children and their birth parents.
- **Behavioral Rehabilitative Services** - Contracts with community agencies for rehabilitation services for children and youth with intensive mental, behavioral, or medical needs that cannot be met in family foster care.
- **Adoption Support** - Provides monthly maintenance payments for adopted children with special needs, coverage of non-recurring adoption costs, counseling reimbursement, and recruitment of adoptive parents.
- **Field Staff** - Administer child welfare programs throughout the state. Includes case workers who screen referrals of potential child abuse or neglect, respond to screened-

in cases of potential child abuse or neglect through investigation or FAR, and manage cases of children in foster care, in adoptive homes, or in voluntary or preventative services.

- **Transitional Services for Youth** - Contracts with community-based agencies to provide temporary shelter, needs assessments, and other services to youth who are in conflict with their families, have run away from home or are living on the street, or need assistance developing independent living skills.
- **Division of Licensed Resources** - Licenses and monitors foster family homes, group homes, child-placing agencies, and crisis residential centers or overnight shelters for youth. Responds to cases of potential child abuse or neglect of children in licensed out-of-home care.

Children and Family Services Workload Summary (averages)			
	2012 (act.)	2018 (act.)	2021 (est.)
Foster care: # kids served/mo	5,828	6,334	6,446
Extended foster care: # kids served/mo	89	593	701
Relative placements: # kids served/mo	3,431	4,832	5,091
CPS monthly referrals	6,470	9,207	11,529
Screened in (CPS response)	3,379	3,984	4,434
Adoption support # kids served/mo	14,340	15,530	15,637
Caseload ratio: cases/worker	20:1	19:1	20:1

Juvenile Rehabilitation

- **Institutional Services for Juvenile Offenders** - Operates three secure residential facilities for state-committed juvenile offenders. Services focus on rehabilitation and include counseling, academic education, medical and dental services, work activities, and vocational training.
- **Parole Transitional Services for State-Committed Juvenile Offenders** - Provides parole services to eligible juvenile offenders released from state commitment.
- **Community Facility Transitional Services for Juvenile Offenders** - Operates eight group homes for state-committed juvenile offenders who are completing a state disposition and preparing to transition to the community.
- **Community Services for Locally-Committed Juveniles** - Provides funding to juvenile courts for programs indicated by research to reduce recidivism and be cost-beneficial. Funding is directed towards disposition alternatives and evidence-based, research-based or promising programs for youth on probation who are at a moderate-to high-risk to reoffend.

Juvenile Rehabilitation (average daily population per month)			
	2012 (act.)	2018 (act.)	2021 (est.)
State institutions	468	378	316
Community residential	98	107	111
Parole	373	323	311

Budget Summary

- DCYF's 2019-21 NGF-O (state General Fund and related accounts) appropriations are \$1.75 billion; total budgeted funds are \$2.89 billion.
- Based on the agency activity summary for the 2019-21 biennial budget, here is a summary of funding for DCYF's major programs:
 - Early Learning programs. These include Early Childhood Education and Assistance (ECEAP), Early Support for Infants and Toddlers (ESIT), home visitation programs, and child care licensing and child care subsidies. \$587 million NGF-O; \$1.11 billion total budget funds.
 - Children and Family programs. These include child welfare services, Child Protection Services, Behavior Rehabilitation Services, foster care and adoption support, and victims assistance. \$862 million NGF-O, \$1.44 billion total budgeted funds.
 - Juvenile Rehabilitation Programs. These include institutional services for state committed juvenile offenders, community facility transitional services for state committed juvenile offenders, community services for locally committed juveniles, parole services for state committed juvenile offenders, and preventative services for juveniles. \$202 million NGF-O; \$216 million total budgeted funds.

K-12 PUBLIC SCHOOLS

Overview

Basic education programs and funding

Under Article IX of the state constitution, it is the state's paramount duty to make ample provision for the education of all children. Article IX also directs the Legislature to provide for a general and uniform system of public schools. To implement the state's basic education duties, the Legislature has established a program of basic education and funding formulas in statute. The adequacy of this program and its funding formulas was challenged in the *McCleary* case. As *McCleary* made its way through the courts, in 2009 and 2010, the Legislature made significant changes to the previous definition of basic education and its funding formulas, adopting a prototypical school model. The state Supreme Court ruled in 2012 that the previous definition of basic education and funding was inadequate but that the 2009 and 2010 definition and related funding formulas would constitute compliance with the states constitutional requirements if fully implemented and funded by the statutory 2018 implementation date. In 2018, after six years of judicial supervision, the court affirmed the Legislature's basic education definition and state funding for it. During the period of *McCleary* supervision the Legislature made substantial increases to K-12 funding.

The program of basic education, as defined in ESHB 2261 (2009) and subsequent legislation consists of:

- The instructional program of basic education, which includes specified instructional hours and instruction in the Essential Academic Learning Requirements (EALRs);
- The Learning Assistance Program (LAP) of supplemental instruction and services for underachieving students;
- The Transitional Bilingual Program of supplemental instruction and services for students whose primary language is not English;
- Special education for students with disabilities;
- Programs for highly capable students;
- Transportation to and from school for eligible students; and
- Education programs for students in residential schools, juvenile detention facilities, and adult correctional facilities.

The state itself does not deliver the program of basic education that it defines and funds. The state has delegated much operational authority to 295 local school districts that are governed by elected school boards. State funding is distributed to local school districts through a variety of formulas and grants, and the local school districts generally decide how those funds are used. State funding is supplemented with federal and local funding (roughly 79% state, 6% federal, and 15% local).

In general, state funding generated by the prototypical school and other formulas is for allocation purposes only. School districts have flexibility to determine how this money is spent, and their expenditures of state general apportionment funding may differ from the state formula elements used to allocate the funding to districts. There are some exceptions to this flexibility. State funding for categorical programs such as special education and bilingual programs must be expended for these specific programs. There are also restrictions related to minimum and maximum salaries for instructional staff and class size requirements (meeting

the funded class size of 17 to 1 for kindergarten through 3rd grade. For charter schools, the state allocates lottery revenues based on state formulas.

General apportionment allocations are the chief component of school funding. School districts receive funding primarily based on the number of students (FTEs) and the resources defined in statutory formulas as necessary to make a basic education available to those students. Generally, the prototypical formula defines prototypical school sizes in terms of enrollment for elementary, middle, and high schools. Class size and staffing ratios are used to determine the funding allocation for instructional, classified, and administrative staffing in districts. Additional staffing per prototypical school is provided for other staff types in the form of FTEs for nurses, librarians, guidance counselors, and classified staff. Again, school districts have flexibility to deploy these resources according to local priorities, and school districts are not required to staff according to state formulas.

In addition, the Legislature has enacted statutory funding formulas for the categorical basic education programs: LAP, Transitional Bilingual, Special Education, Transportation, and Highly Capable.

Local school levies

In addition to state funding allocated by the state, school districts are allowed to levy for local funding support. These local levies may be used for enrichment purposes only, providing additional programs or staffing beyond the state's definition of basic education. Prior to 2019, district levies were limited based on a percentage of state and local funding. A state local effort assistance (LEA) program provides additional state enrichment, often known as levy equalization, to districts with lower property values.

A new levy system took effect in 2019 and was further adjusted in 2020. Rather than limiting local levies based on a percentage of state and local funding, levies are limited to the lesser of \$1.50 per \$1,000 of assessed property value in the district or \$2,500 per pupil. LEA is also modified, providing assistance to districts up to \$1,550 per pupil if a \$1.50 rate on levies would collect less than \$1,550 per pupil.

The increase in state funding and the changes to local levies since the *McCleary* Supreme Court decision has significantly increased the percentage of school district funding provided by the state.

K-12 statewide funding (state and levies, \$ in billions)			
	2012	2019	2021*
State funding	\$6.79	\$11.87	\$14.09
Local levies	\$2.00	\$1.53	\$2.06

Note: State funding is GF-S + Education Legacy Trust Account + Opportunity Pathways Account for the fiscal year. Local levies are calendar year.

*State funding for 2021 is the enacted budget.

K-12 program enrollment summary			
	2012-13 (act.)	2017-18 (act.)	2020-21 (est.)
General Apportionment (FTEs)	994,901	1,089,687	1,108,069
Special education headcount	135,323	151,515	160,452
Bilingual education headcount	95,330	155,265	163,467
Learning Assistance Program funded student units	451,946	484,409	497,787

Estimated NGF-O state funding per pupil				
	2017-18	2018-19	2019-20	2020-21
Funding per pupil	\$9,557	\$11,771	\$12,305	\$12,701

K-12 Funding: 2019-21 Basic and Non-Basic Education Appropriations

Dollars in Millions • Funds Subject to Outlook ¹

<u>BASIC EDUCATION</u>	FY 2020	FY2021	Total	Percent
General Apportionment (RCW 28A.150.260)	\$9,424.1	\$9,808.7	\$19,232.7	70.4%
Special Education (RCW 28A.150.390)	\$1,429.6	\$1,529.0	\$2,958.6	0.2%
Transportation (RCW 28A.160.150)	\$614.0	\$614.8	\$1,228.8	10.8%
Compensation Adjustments (RCW 28A.400.200)	\$379.0	\$726.6	\$1,105.7	4.5%
Learning Assistance Program (RCW 28A.165)	\$438.9	\$450.7	\$889.6	3.3%
Bilingual (RCW 28A.180)	\$201.3	\$210.7	\$412.0	1.5%
Charter Apportionment (RCW 28A.715)	\$44.0	\$55.8	\$99.8	0.4%
Highly Capable Program (RCW 28A.185)	\$30.5	\$31.6	\$62.0	0.1%
Institutions (RCW 28A.190)	\$15.9	\$16.5	\$32.3	4.0%
Sub-Total Basic Education	\$12,577.3	\$13,444.3	\$26,021.6	95.3%
<u>NON-BASIC EDUCATION</u>				
Local Effort Assistance (Levy Equalization) ²	\$365.6	\$389.3	\$754.9	2.8%
Education Reform	\$135.0	\$136.6	\$271.6	1.0%
OSPI State Office and Education Agencies	\$36.3	\$45.2	\$81.5	0.3%
OSPI Grants and Pass-Through Funding	\$35.5	\$35.6	\$71.1	0.3%
Other ³	\$42.9	\$15.8	\$58.7	0.1%
Educational Service Districts	\$12.9	\$12.9	\$25.8	0.0%
Food Service	\$7.2	\$7.2	\$14.5	0.0%
Pupil Transportation Coordinators	\$0.9	\$0.9	\$1.9	0.1%
Targeted Guidance Counselors	\$0.8	\$1.0	\$1.8	0.0%
Summer Vocational and Other Skills Centers	\$0.4	\$0.4	\$0.9	0.2%
Sub-Total Non-Basic Education	\$637.5	\$645.2	\$1,282.7	4.7%
Total K-12	\$13,214.9	\$14,089.5	\$27,304.3	

¹ "Funds Subject to Outlook" include General Fund-State, plus Education Legacy Trust and Opportunity Pathways

² Reflects assumptions in the 2019-21 operating budget. ESSB 5313 enacted local effort assistance policies that differed from budgeted assumptions.

³ "Other" category include appropriations in other legislation (ESHB 2163) and Charter School Commission.

*Students attending school more than full-time (e.g., student FTEs exceeding 1.0 through enrollment at skill centers, running start programs, or similar dual enrollment programs) represent instructional costs not considered a basic education program entitlement within the General Apportionment program.

HIGHER EDUCATION

Overview

Washington has six public baccalaureate institutions and 34 public community and technical colleges (CTCs). Each institution has a board of trustees or directors appointed by the Governor and confirmed by the Senate. Each of the four-year institutions receives its own appropriation in the budget. The legislature makes one appropriation to the two-year institutions as a whole. The State Board for Community and Technical Colleges (SBCTC) is then authorized to allocate funds to each of the 34 CTCs individually.

In addition, there are approximately 21 private 4-year institutions, 125 private degree granting institutions overall, and about 325 licensed private career schools.

University of Washington (UW) and Washington State University (WSU)

The two research universities are UW and WSU. In addition to the traditional academic programs, these two schools also focus on research. The UW also operates two hospitals (The UW Medical Center, owned by the UW, and Harborview Medical Center, owned by King County and managed by the UW). WSU focuses on community outreach with roots in its land grant status, primarily through the Cooperative Extension Program and Small Business Development Center in addition to their instructional programs.

Comprehensive/regional universities

There are four comprehensive institutions in different regions of the state, Central Washington University (Ellensburg), Eastern Washington University (Cheney), The Evergreen State College (Olympia), and Western Washington University (Bellingham). These four year schools focus on academic/instructional programs. These schools also have community outreach and research programs, but generally on a scale much smaller than the research universities.

Community and Technical Colleges (CTCs)

The 34 CTCs each have their own Board, but, unlike the 4-year schools, their budget is administered by the SBCTC at the state level. CTCs are two-year schools, providing Associate Degrees in Arts and Sciences and transfer programs to allow students to obtain a baccalaureate degree at a four-year institution. CTCs also provide vocational training, basic skills education, workforce education and training, student-funded programs, applied baccalaureate degrees, and community services/contract funded courses.

Tuition, state support, and financial aid

The primary sources of funding for the cost of instruction at public higher education institutions are tuition and state support.

Tuition

Prior to 1993, tuition rates were set by the Legislature and tuition revenue was deposited in the state General Fund. In 1993, the Legislature authorized each institution to retain tuition revenue in an institutions local fund.

Prior to 1999, the legislature set tuition as a dollar amount in statute for each institution. In 1999, the legislature set tuition caps for resident undergraduate students in the operating budget. Institutions were authorized to raise tuition up to but not exceed these caps.

Institutional governing boards set tuition rates for all categories of students other than resident undergraduates. In 2011, the Legislature granted tuition setting authority to the four year institutions for all students (including undergraduates). Tuition for CTC students remained set within caps established by the Legislature in the operating budget.

In 2015, the College Affordability Act (E2SSB 5954) reduced resident undergraduate operating fees (tuition) at all public institutions of higher education by 5 percent for the 2015-16 academic year. For the 2016-17 academic year, research institutions were required to reduce operating fees by an additional 10 percent, regional institutions were required to reduce operating fees by an additional 15 percent, and community and technical colleges were required to hold operating fees at 2015-16 academic year rates.

Beginning with the 2017-18 academic year, public institutions cannot increase resident undergraduate tuition by more than the increase in the state median wage.

Resident Undergraduate Tuition			
	2007-08	2013-14	2018-19
UW/WSU	\$6,224	\$11,526	\$10,396
Regionals	\$4,563	\$7,787	\$6,781
CTCs	\$2,676	\$4,000	\$4,027

State support

Public higher education institutions receive direct state support for the cost of instruction in addition to tuition revenues. This support has fluctuated over time. State support currently accounts for approximately 46 percent of the total cost of instruction for the four-year institutions and 67 percent of the total cost of instruction for two-year institutions.

Historically, the operating budget listed "budgeted enrolment" for each four-year institution and for the CTCs as a whole. State funding (plus tuition) was expected to cover the cost of instruction at the budgeted enrollment levels. Institutions could enroll more students than they were budgeted for; they could keep the tuition but did not get additional state support for this over-enrollment. Beginning in 2017, the operating budget no longer lists "budgeted enrollment". The budget provides a level of funding to institutions.

Higher education enrollment			
	2011-12 (actual)	2017-18 (actual)	2020-21 (estimate)*
UW	42,718	48,739	51,771
WSU	25,284	26,971	28,028
Eastern Washington U	9,914	10,615	10,847
Central Washington U	9,581	9,907	10,790
Evergreen (TESC)	4,558	3,628	3,290
Western Washington U	12,647	13,207	13,850
CTCs adults	153,395	128,566	119,159
CTCs running start	12,717	21,993	29,552
Total	258,097	241,633	237,734

* based on previous 3-year average growth rate

Financial Aid

There are a variety of financial aid programs available to students. The state appropriated approximately \$803 million from various state funds for financial aid programs for the 2019-21 biennium. The largest of these programs is the Washington College Grant (formerly the State Need Grant prior to 2019). This grant provides assistance to students from families with incomes below 70% of the state’s median family income (MFI). This was increased from 65% of median family income by the 2005 Legislature. In 2018, approximately 68,000 students received a financial aid award through the State Need Grant; over 22,600 students were eligible but did not receive an award due to funding limits. (See discussion of E2SHB 2158 below.) The Washington Student Achievement Council (WASC) is responsible for administering most state financial aid programs.

2017-19 Higher Education Funding Summary (\$ in millions)

	UW	WSU	CWU	EWU	TESC	WWU	CTCs	WSAC	WTECB	Total
Total Budgeted	\$9,309	\$1,685	\$404	\$322	\$143	\$442	\$3,193	\$768	45	\$16,311
NGF-O*	\$637	\$447	\$119	\$118	\$58	\$159	\$1,400	\$734	\$4	\$3,676
Tuition	\$1,319	\$469	\$111	\$127	\$53	\$184	\$676	0	0	\$2,939
Hospital Account	\$2,734	0	0	0	0	0		0	0	\$2,734
All Other: Grants, Contracts, Local, etc.	\$4,619	\$769	\$174	\$77	\$32	\$99	\$1,117	\$34	\$41	\$6,962

*NGF-O is the state General Fund + Education Legacy Trust Account + Opportunity Pathways Account

E2SHB 2158 (Workforce education)

In 2019, the Legislature enacted E2SHB 2158. Among other things, this act:

- Replaced the State Need Grant (SNG) with the Washington College Grant (WCG) program. Beginning with the 2020-2021 academic year, the grant program becomes an entitlement - all eligible students are entitled to a WCG financial aid award (rather than the number of recipients being limited by the amount of funding). In addition, the eligibility criteria is expanded (compared to the previous SNG) beginning in 2020-21 from 70% MFI to 100% of MFI (grants are pro-rated based on MFI).
- Created the Workforce Education Investment Account (WEIA) to supplement higher education funding for higher education programs and expenses. The WEIA is funded through B&O tax surcharges on certain businesses starting in calendar year 2020.
- Makes \$375 million in appropriations from WEIA for the 2019-21 biennium, almost half of which is for the Washington College Grant program.

*HEALTH & HUMAN
SERVICES*

➤ *Department of Corrections*

Overview

The Department of Corrections (DOC) is responsible for the incarceration of felons with sentences longer than one year and for community supervision of offenders sentenced in superior courts who meet the criteria for supervision. In accordance with the 1984 Sentencing Reform Act, the determinate sentencing model provides that offenders are sentenced based on the seriousness level of their crimes and prior convictions (although judges can depart from the standard sentencing range for aggravating or mitigating factors). DOC's Near General Fund-Outlook (NGF-O) appropriation for the 2019-21 biennium is \$2.3 billion. Total budgeted funds are \$2.4 billion.

Confine Felony Offenders

As of December 2019, there are 12 state prisons throughout the state housing 16,758 offenders, with another 647 in work release facilities, 43 female offenders in a rented local facilities, and zero in rented out-of-state beds, and approximately 1,700 community supervision violators in rented in-state jail beds, for a total offender population in confinement of 19,160. The majority of resources are allocated for custody activities such as transportation of offenders, operation and security of offender housing units, perimeter and access control, and other security related activities. Other items include food, laundry, clothing, and janitorial services. The average annual cost per incarcerated person is approximately \$41,200. Approximately \$1.2 billion NGF-O is expended for confining offenders in 2019-21.

In addition to providing programs to reduce recidivism, DOC also provides correctional industries programs to help offenders obtain job skills and re-entry programs targeted to reduce recidivism.

Health Care Services for Offenders

DOC is required to provide medical and dental services for the incarcerated offender population. About \$325 million NGF-O is appropriated for these services for the 2019-21 biennium.

Supervising Offenders in the Community

DOC monitors felony and certain gross misdemeanor offenders in the community who have been released from confinement and meet the criteria for supervision or are required to be supervised by court order. The Department uses a validated risk assessment tool to estimate an offender's risk to reoffend. As of December 2019, there are approximately 11,325 offenders on supervision classified as high risk to reoffend, 1,125 classified as medium risk to reoffend, and 6,232 classified as low risk to reoffend for a total supervision population of 20,977 (2,295 are unclassified). There are 4,522 offenders who receive an alternative to incarceration sentence that reduces or eliminates incarceration time in exchange for participation in supervision and treatment. About \$461 million NGF-O is for these activities in 2019-21.

Children and Family Services Workload Summary (averages)			
	2012 (act.)	2018 (act.)	2021 (est.)
Institution population (avg daily population/mo)	16,960	17,841	18,124
Community supervision population (avg daily/mo)	16,226	18,839	21,968
Avg annual cost per incarcerated individual	\$33,005	\$38,475	\$43,292

➤ *Department of Social and Health
Services*

Overview

The Department of Social and Health Services (DSHS) is 12% of the Near General Fund-State appropriations for the 2019-21 biennium, and 14% of total budgeted funds. A substantial portion of the DSHS's budget, along with medical assistance and community behavioral health in the Health Care Authority, provide health care to low income or qualifying persons, much of it in partnership with the federal government through the Medicaid program. Medicaid services generally are funded half by the federal government and half by the state, although the federal Affordable Care Act (ACA) provides an enhanced match rate for certain eligible populations.

While the Medical Assistance program was moved from DSHS to the HCA in 2011, and community mental health was moved from DSHS to HCA in FY 2018, Medicaid services are provided in several DSHS programs including Long-Term Care and Developmental Disabilities, and Mental Health (provided in state facilities). Children and Family Services, which focused on protecting children from neglect and abuse and providing foster care and adoption services, was moved from DSHS to the new Department of Children, Youth, and Families (DCYF) in FY 2018. The Juvenile Rehabilitation program was moved from DSHS to DCYF in FY 2019.

In addition to Mental Health (behavioral health) programs in state facilities, Long-Term Care programs, and programs for persons with Developmental Disabilities, other DSHS programs include Economic Services (eligibility, Temporary Assistance to Needy Families, WorkFirst employment and training, and the Supplemental Nutrition Assistance Program), child support enforcement, the Office of the Deaf and Hard of Hearing, and the Special Commitment Center.

Clients served by DSHS (and other health and human services agencies) often receive services from a variety of state programs and agencies.

Following is a summary of major DSHS programs/activities.

Economic Services

Child Support Enforcement - The Division of Child Support (**DCS**) establishes, modifies, and enforces child support obligations with custodial or non-custodial parents residing in Washington. This is partially offset by the state's TANF share returned by the state.

Temporary Assistance to Needy Families (TANF) - Provides monthly cash assistance to needy families with children and to low income pregnant women. Eligibility is determined by comparing the family's countable income to the grant payment standard for the applicant's household size. Funding for the program is shared by the state and federal governments.

WorkFirst Employment and Training - Provides job search assistance, subsidized employment, job readiness training, basic education, career counseling, and non-salaried work experience to TANF-eligible clients.

Supplemental Nutrition Assistance Program (SNAP) - Determines eligibility for federal food stamp benefits and provides case management assistance. The federal government pays the benefits.

Aged, Blind, or Disabled (ABD) and Pregnant Women Assistance Program - The ABD program provides financial grants to low-income adults who are 65 years or older, blind, or likely to meet Supplemental Security Income (SSI) disability criteria. This also includes the cost of incapacity exams and SSI consultative evaluations. The Pregnant Women Assistance Program provides financial grants to eligible women who are pregnant and ineligible for TANF and State Family Assistance for reasons other than refusing to cooperate with program requirements.

Economic Services Selected Workload History			
	2012 (act.)	2018 (act.)	2021 (est.)
Aged, Blind or Disabled Assistance Program (avg monthly caseload)	19,690	19,707	21,701
TANF cases (avg monthly caseloads)	54,436	26,032	24,226

Long-Term Care and Developmental Disabilities

The DSHS Long-Term Care (LTC) and Development Disabilities Administration (DDA) programs offer a number of overlapping services to their distinct client populations. Services offered by both programs include:

In-Home Services - Medicaid eligible individuals may receive in-home care services through licensed home care agencies, known as Agency Providers (APs) or Individual Providers (IPs). In-home care services are offered through the Medicaid Community First Choice Option (CFCO). Services include assistance with activities of daily living such as meal preparation, shopping, laundry, housekeeping, and transportation. Services may also include personal care such as eating, bathing, personal hygiene, toileting, and dressing. Additional in-home services include home-delivered meals, nutrition programs, and skilled nursing care.

Adult Family Home Services - Providers of these services are contracted private homes that service between two and six residents. They provide room, board, laundry, residential supervision, assistance with activities of daily living, personal care, and sometimes limited nursing care. Some providers also offer skilled nursing or special care. Persons must meet financial and functional eligibility criteria for the CFCO.

Long-Term Care

Services provided by the Long-Term Care program also include:

Adult Day Health - Provides nursing, rehabilitative, and other services to adults. Services are provided in centers and clients typically attend 2 or 3 times per week. Persons must meet Medicaid eligibility criteria, be enrolled in the Community Options Program Entry System (COPES) waiver, and have a skilled nursing or rehabilitation need.

Assisted Living Services - Licensed assisted living facility providers care for seven or more residents. This includes shared or private rooms, meal service, some assistance with activities of daily living, some residential supervision, and nurse delegation. Some licensed assisted living facilities can provide Adult Residential Care (ARC) or Enhanced Adult Residential Care (EARC), and may provide more specialized services such as dementia care or medication management. All assisted living services are provided through the CFCO.

Nursing Home Services - Skilled nursing facility care is provided to Medicaid-eligible persons who need post-hospital recuperative care, nursing services, or have chronic disabilities necessitating long-term habilitation and/or medical services. Nursing homes provide 24-hour supervised nursing care, personal care, therapy, and supervised nutrition.

Long Term Care Program Selected Workload History			
	2012 (act.)	2018 (act.)	2021 (est.)
Nursing Homes (avg # served/day)	10,326	9,677	9,306
Community Care (avg # served/mo)	48,282	55,602	61,974

Developmental Disabilities

Employment and Day Programs - Provide services to persons with development disabilities through contracts with county governments. Services from birth to three include specialized therapeutic and educational services. Services for adults include training, placement, and follow-up services to help clients obtain and maintain employment, as well as programs to help promote community inclusion. Some activities are offered through Medicaid waivers and others are funded with state-only dollars.

Family Support - Services are offered through Medicaid waivers to assist families in caring for a family member with a developmental disability and to reduce the need for out-of-home residential placement. Services may include respite care, nurse delegation, specialized equipment and supplies, and various therapies.

Community Residential Services - Services are provided through contracts with private community providers. These services include residential care, supervision, habilitation training, therapies, medical and nursing care, and recreation. Supported living is one type of community residential service; under this model, one to four clients live in a home in the community and receive support from contracted agency staff. Clients are responsible for the rent or lease costs of the home.

Residential Habilitation Facilities – The state operates four residential habilitation centers that serve persons with developmental disabilities by providing assessment, treatment, training, habilitation programs, and activities.

Other programs include:

1. State Operated Living Alternatives (SOLAs) are similar to Supported Living services except staffing supports are provided the state employees; and
2. A limited number of residential placements for DDA clients experiencing a mental or behavioral health crisis.

Persons with Developmental Disabilities Program Selected Workload History			
	2012 (act.)	2018 (act.)	2021 (est.)
Institutions (avg mo. population)	905	782	654
Community Residential Programs (avg caseload)	4,262	4,551	4,727
Employment/Day programs (avg mo. Number served)	10,556	12,626	14,191
Individual/Family Services (number of clients served)	1,259	7,156	7,934
Waiver Respite (# of clients served)	4,041	10,901	12,963
Personal Care (# of clients served)	12,672	14,562	16,505

Mental Health (in state facilities)

State Mental Health Facilities - State psychiatric hospitals include Eastern and Western State Hospitals and the Child Study and Treatment Center. Services include civil and forensic psychiatric evaluation and treatment for adults with mental disorders at Eastern and Western State Hospitals, and for children and adolescents with severe emotional disturbances at the Child Study Treatment Center.

Mental Health Program - State Hospitals (Eastern and Western State Hospitals, Child Study/Treatment Center)			
	2012 (act.)	2018 (act.)	2021 (est.)
Average daily census/month	1,077	1,112	1,163

Competency Restoration Residential Treatment Facilities - Includes three licensed residential treatment facilities located in Yakima, and the grounds of Western State Hospital, and Maple Lane. These facilities provide court-ordered evaluation and treatment services in a residential setting for individuals charged with a crime and there are questions related to competency to stand trial as a result of a mental disorder.

Other Programs

Other programs include various administrative/support services, vocational rehabilitation, the Special Commitment Center, Adult Protective Services and Residential Care Services, and managed care services through the Aging and Disability Services Administration.

Vocational rehabilitation includes counseling and guidance and direct client services.

The Special Commitment Center (SCC) confines and provides treatment to adult sexually violent predators that have been civilly committed. The primary facility is on McNeil Island, with a less restrictive alternative in Pierce County (with a capacity of 24) and in King County (with a capacity of 6).

Adult Protective Services investigates reports of suspected abuse, abandonment, neglect, self-neglect, and financial exploitation of vulnerable adults living in their own homes. For facilities, Residential Care Services reviews facilities and staff who come into contact with vulnerable adults to verify that appropriate services and quality care is being provided.

The Aging and Disability Services Administration contracts with vendors to provide managed care services that include medical care, long term care services, substance abuse treatment, and mental health services under one service package. These services are intended to help clients stay in the community for as long as practicable. Current contracts are with the Program for All-inclusive Care for the Elderly (PACE) and the Washington Medical Integration Program.

Special Commitment Center Workload History			
	2012 (act.)	2018 (act.)	2021 (est.)
Main Facility - McNeil Island (avg daily population/mo)	282	222	191
Less Restrictive Alternatives (avg daily population/mo)	21	53	74

➤ *Health Care Authority*

Overview

The Health Care Authority’s (HCA) primary programs are medical assistance programs for low income person, community mental health programs, and the Public Employees Benefits Board (PEBB) and the School Employees Benefits Board plan management and customer service. The Medical Assistance program was moved from DSHS to the HCA in 2011, and community mental health was moved from DSHS to HCA in FY 2018. Following is a summary of major HCA activities.

Medical Assistance

Apple Health (Medicaid managed care) - Health care provided to Medicaid clients through the Apple Health managed care program. Wrap around services are also included that are paid for on a fee-for-service basis for these clients.

Medicaid Mandatory Services (Fee for Service) - Provides mandatory Medicaid services for eligible clients not enrolled in the Apple Health managed care program. These include families and children eligible for Temporary Assistance to Needy Families (TANF), clients removed from TANF because they no longer meet income eligibility requirements because their income has increased or for reasons that do not apply to Medicaid, eligible pregnant women and their newborns, and children in foster care or adoption support.

Medicaid Optional Services (Fee-for-Services) – Optional Medicaid services are provided to eligible clients who are not enrolled in the Apple Health managed care programs. These optional services include laboratory and x-ray services, hearing, dental, and vision care under Medicaid as long as these services are listed in the state plan.

Children’s Health Program - Health care coverage is provided for children who are not eligible for Medicaid because their families do not meet medical income eligibility criteria or are unable to qualify for other reasons.

Low Income Medical Assistance Selected Programs/Services (# eligible per month)			
	2012 (act.)	2018 (act.)	2021 (est.)
Medicaid Categorically Needy	1,061,865	1,162,508	1,144,601
Medicaid Expansion Adults	0	581,081	579,561
Medicaid Medically Needy	13,168	7,537	7,297
State Children's Health Insurance Program (SCHIP)	25,154	55,587	80,567
State Medical Care Services	37,462	19,056	18,340
Total Eligibles per Month	1,175,318	1,825,309	1,830,365

Community Mental Health

Community Mental Health Services – Provides financial support and program direction for community mental health programs delivered through Behavioral Health Organizations (BHOs) and Integrated Managed Care providers for Medicaid eligible and non-Medicaid eligible clients and services. Services include outpatient, inpatient, acute care, emergency, day treatment, consultation and education, and Medicaid transportation.

Community Mental Health Services - Adults/Children (Avg # served per month)			
	2012 (act.)	2018 (act.)	2021 (est.)
Adults	45,879	73,401	83,390
Children (< 18)	66,632	36,758	42,824

Community Mental Health Services - Medicaid/non-Medicaid (Avg # served per month)			
	2012 (act.)	2018 (act.)	2021 (est.)
Persons on Medicaid	61,501	104,411	119,839
Persons not on Medicaid	7,011	5,749	6,379

Community Mental Health Services - Total (Avg # served per month)			
	2012 (act.)	2018 (act.)	2021 (est.)
All Services/Populations	68,512	110,159	126,215

Community Substance Use Disorder Programs and Services - Provides financial support and program direction for substance abuse disorder programs delivered by BHOs and Integrated Managed Care providers for Medicaid eligible and non-Medicaid eligible clients and services. Programs/services include community engagement and referral, triage services, outpatient treatment, housing, residential recovery support, and detox. Prevention substance use disorder prevention services are contracted by the Division of Behavioral Health and Recovery through counties, the Office of the Superintendent of Public Instruction, or community-based providers.

Support services include assistance for pregnant and parenting women, Fetal Alcohol Spectrum Disorders Diagnosis and Prevention, and family support services.

Community Substance Abuse Disorder Services - Adults/Children (Avg # served per month)			
	2012 (act.)	2018 (act.)	2021 (est.)
Adults	20,321	31,298	40,948
Children (< 18)	2,553	2,018	1,841

Community Substance Abuse Disorder Services - Medicaid/non-Medicaid (Avg # served per month)			
	2012 (act.)	2018 (act.)	2021 (est.)
Persons on Medicaid	11,433	30,678	40,157
Persons not on Medicaid	11,441	2,070	2,632

Community Mental Health Services - Total (Avg # served per month)			
	2012 (act.)	2018 (act.)	2021 (est.)
All Services/Populations	22,874	32,748	42,789

PEBB and SEBB

Customer Service – Manages eligibility and administration of state health benefits.

PEBB Plan Management – Manages the design and delivery of PEBB plans, including health care, dental, life insurance, disability, and home and auto insurance.

SEBB Plan Management -Designs and manages health care and other benefits for eligible school employees statewide.

➤ *Department of Health*

Overview

The Department of Health (DOH) administers a variety of programs and services including those to help prevent illness and injury, promote healthy places to live and work, educate the public regarding good health decisions, prevent and control communicable and chronic diseases, facilitate provision of good health care by facilities and providers, and promote effective emergency medical services and emergency preparedness and responses. DOH has a number of divisions and offices to carry out its programs and services related to public health, including those described below.

Disease Control and Health Statistics Division - Provides health information, vital records, and assessment services for taking public health actions, developing public health policy, and conducting health related assessment activities. Various programs and services in this division:

- Provide health statistics,
- Provide communicable disease epidemiology services,
- Work to prevent and control healthcare associated infections related to health care facilities and providers,
- Provide infectious disease services related to preventing and controlling sexually transmitted diseases, HIV/AIDS, and adult viral hepatitis,
- Provide Public Health Laboratories that provide diagnostic and analytical services for the assessment and surveillance of infectious, communicable, genetic, and chronic and environmental health diseases or issues,
- Improve health outcomes for refugees.

Office of Emergency Preparedness and Response - Works to improve the state's ability to respond to acts of bioterrorism, outbreaks of infectious diseases, and other large-scale public health emergencies or mass casualty incidents.

Environmental Public Health Division - Works with local governments and other agencies regarding safe drinking water, food safety, shellfish protection, radiation safety, wastewater management, pesticide exposures, vector borne disease, general environmental health, and health risk assessments.

Health Systems Quality Assurance - Regulates and supports more than 463,000 health professionals in 83 health professions, and 11,000 health groups and programs.

The State Health Officer - Oversees ongoing surveillance and analysis to identify factors influencing diseases and provide technical assistance on data collection, analysis, and collection. The Office houses a State Epidemiologist for Communicable Diseases, a State Epidemiologist for Non-Infectious Diseases, and a Chief Informatics Officer for IT systems for surveillance and assessment purposes.

NATURAL RESOURCES

Overview

\$2.1 billion is budgeted for natural resources agencies/programs in total budgeted funds for 2019-21; \$438 million of this is NGF-O. The natural resources budget includes funding for the following agencies and activities:

The Department of Ecology (DOE) administers environmental laws covering:

- **Air Quality** - Enforce state and federal clean air standards by continuously measuring air pollution levels and trends, developing and implementing area-specific cleanup plans, designing and implementing strategies to prevent violations, reducing air pollution from industrial and commercial sources, and cleaning up areas that violate standards. DOE also works to reduce impacts from smoke, particularly outdoor burning and smoke from residential wood heating. In addition, DOE works to reduce pollution from motor vehicle emissions by implementing the state Clean Car standards and promoting voluntary transportation alternatives and cleaner motor vehicles and fuels.
- **Environmental Assessment** - Collect and share data to assess and monitor the environment. Accredits environmental laboratories that submit data to DOE, and provides guidance and training on quality assurance work required by the EPA.
- **Hazardous, Toxic, and Nuclear Waste** - Provide assistance in managing dangerous waste and preventing pollution, as well as cleaning up toxic spills, past contamination of land and water, and nuclear waste at Hanford. DOE annually conducts inspections at medium and large quantity generators and hazardous waste management facilities to monitor compliance with state and federal laws and can take enforcement action. DOE issues permits for facilities that treat, store, or dispose of large volumes of hazardous waste, monitors compliance with financial assurance requirements, and can take corrective action. Ecology regulates point source discharges of pollutants to surface and ground waters.
- **Oil and Hazardous Material Spills** - Work to prevent as well as prepare for and respond to oil and hazardous materials spills. DOE regulates over 10,000 active underground storage tanks.
- **Shoreline and Wetlands Protection** - Work with communities to conserve and protect shorelines, wetlands, and floodplains. DOE has the lead responsibility in implementing the state Water Pollution Control Act, which requires the protection of wetlands, and provides technical assistance to local governments under the Shoreline Management Act and the Growth Management Act.
- **Solid Waste Management** - Coordinate solid waste management and recycling programs. Set standards for solid waste handling and disposal facilities, provide technical assistance to local governments, and negotiate and oversee cleanup orders under the Model Toxics Control Act.
- **Water Quality and Water Resources** - Protect water quality for recreation, drinking, public health, business activities, and fish and wildlife, as well as manage water resources to meet the current and future needs of people, farms, fish and other needs. DOE monitors the quality of state waters and measures stream flows statewide. The federal Clean Water Act requires DOE to develop water quality standards and to identify water bodies that fail to meet those standards; DOE works with local interests

to prepare and implement water quality improvement plans and reports for these waters that fail to meet standards. The agency manages water rights, allocating surface and groundwater rights, and currently has a portfolio of over 49,000 certificates, 3,00 permits, and 166,000 claims. DOE provides grants, low-interest loans, and technical assistance to local governments, state agencies, and tribes for building, upgrading, repairing, or replacing facilities, including managing the Water Quality Control Revolving Fund. DOE works to help reduce nonpoint-source water pollution from things like fecal coliform bacteria, elevated water temperatures, pesticides, sediments, and nutrients. The agency assists in controlling stormwater runoff from development and industrial activities. DOE engages in a number of activities related to instream resources including instream flow rules, licensing dams, water rights acquisition, promoting water use efficiency, and working with local entities regarding water supply related plans.

The Department of Fish and Wildlife (DFW) manages the state's fish and wildlife resources, which include:

- Fish hatcheries - The Department manages 81 fish hatcheries either through direct ownership or a management contract with cities and counties. (There are also tribal and federal hatcheries.)
- Fishing, hunting, and shellfish licensing and permitting - DFW manages commercial and recreational fishing in Washington by monitoring and managing the populations of shellfish and fin fish, negotiating and implementing fisheries co-management plans, issuing fishing licenses, and managing licensing of commercial fishing groups. DFW's hunting-related activities include surveying the health of and identifying population trends for game, setting sustainable hunting seasons, arranging hunting access on private lands, providing hunter education, responding to game wildlife related conflicts, and managing hunting licenses.
- Habitat preservation - DFW manages programs to preserve and restore aquatic and terrestrial habitats through its own operations and working with local governments, tribes, business, landowners, and the public. Terrestrial habitat activities include partnering with private landowners to implement conservation strategies and seeking to restore degraded terrestrial habitat through a variety of approaches. Aquatic habitat activities include the Hydraulic Project Approval (HPA) process to protect habitat during construction projects, preventing and cleaning up oil spills, and seeking to restore degraded aquatic habitat, including improving fish passage by removal of stream barriers and screening water diversions.
- Fish and wildlife law enforcement - As part of its fish and wildlife management responsibilities, DFW maintains enforcement presence in commercial marine areas and recreational fishing locations, as well as enforcement presence throughout the state to deter and address poaching and hunter safety, respond to wolf-related incidents, and compliance with hunting regulations and seasons. DFW also maintains an enforcement presence throughout the state to ensure construction projects near waterways are compliant with HPA permits and enforce other regulations that protect aquatic habitat.
- Land management - DFW owns and manages over one million acres of land in Washington, providing habitat for fish and wildlife and recreational opportunities for the public such as fishing, hunting, and wildlife viewing.

- Wildlife viewing - DFW promotes non-consumption recreation opportunities such as wildlife viewing and community festivals. These include wildlife web cameras, interpretive signs, self-guided trail pamphlets/maps, bird-watching, land-based whale watching, fish migration viewing, beach combing, and outdoor learning activities.

The Department of Agriculture activities include:

- Agricultural fairs (and youth shows) - Provides financial support to approximately 66 fairs.
- Agricultural promotion and protection - Provides funding for activities that promote or support the state's agricultural industry.
- Animal health - Protects animals and the public from communicable animal diseases by monitoring animals entering the state, doing inspections and testing, managing an in-state animal disease traceability system, and responding to animal health emergencies.
- Dairy Nutrient Management Program - Inspects and provides technical assistance to dairy farms regarding compliance with state and federal water quality laws.
- Feed regulation - The Commercial Feed Program regulates the distribution of animal feeds primarily related to product identity, product labeling, and quality.
- Fertilizer regulation - The Commercial Fertilizer Program licenses bulk fertilizer facilities, registers all fertilizer products for distribution in Washington, tests fertilizer samples, as well as inspecting fertilizer manufacturing, distribution, and storage facilities and fertigation irrigation systems.
- Food Assistance and Distribution Program - Distributes state and federal funds and food to 32 tribes and over 450 local community organizations that work with food banks, food pantries, and meal programs.
- Food Safety Program - Works to prevent injury and illness caused by contaminated food or food otherwise unfit for consumption. The program inspects, monitors, and regulates the dairy, egg, and food processing and storage industries.
- Fruit and Vegetable Inspection Program - Provides inspection services to the fresh produce and processing industry to facilitate the orderly marketing of fruits and vegetables.
- Grain Inspection - Provides inspection, analytical, and weighing services for grain, dry peas, dry beans, lentils, rapeseed, and similar commodities.
- Hop Inspection - Performs grading and chemical analysis of the Washington hops crop (about 75% of the nation's supply).
- International Marketing - Assists food and agricultural companies in selling their products internationally.
- Pesticide regulation - Regulates the sale and use of pesticides in Washington, including providing technical assistance, investigating complaints, reviewing and registering pesticide products, licensing more than 22,000 pesticide applicators, dealers, consultants, and structural pest inspectors, and administering a pesticide waste disposal program.
- Weights and Measures Program - Regulates the use and accuracy of all commercial weighing, measuring, and counting devices, including gas pumps, store scale systems, price scanners, vehicle tank meters, and liquid petroleum gas measuring devices.

Department of Natural Resources (DNR) activities include:

- Aquatic lands management - DNR is steward of more than 2.6 million acres of aquatic lands: beaches and tidelands on or under Puget Sound, the coast, and navigable lakes and rivers. DNR promotes public access to aquatic lands and generates revenue by selling geoducks and leasing aquatic lands for marinas, ports, and other uses.
- Enforcement activities - Natural Resources Police Officers protect trust assets and provide public safety. The officers are responsible for enforcement on over 160 recreational sites and more than 1,100 miles of trails, and work with other state and local law enforcement agencies to provide coverage in these areas.
- Fire preparedness, prevention, and suppression - DNR is responsible for fighting wildfires on approximately 13 million acres of private and state-owned land. DNR works with other state, federal and local agencies to respond to wildfires.
- Forest health and management - DNR engages in a number of activities to promote forest health and resiliency, working with and providing assistance to communities and landowners. DNR administers forest practices rules under the Forrester Practices Act; these rules guide logging, road building, and other activities on about 12 million acres of state and privately-owned forestlands.
- Natural areas and natural heritage sites - DNR provides maintenance and operational support for more than 160,000 acres of Natural Areas Preserves and Natural Resources Conservation Areas in critical and at-risk habitats. The Natural Heritage Program maintains scientific information/data on Washington's native ecosystem and rare plant and animal species.
- State lands management - DNR manages 3 million acres of trust lands that provide revenue for county services and construction of public schools, universities, and other state facilities. State lands management activities include asset planning and transactions, leasing, and mapping and surveys. Revenue is produced on state trust lands from harvesting of timber and forest products, leasing trust lands, and other activities. DNR manages more than 2,000 agricultural leases on one million acres of trust lands and about 1,000 leases for other activities such as mineral extraction, commercial sites, and commercial real estate. DNR also manages more than 55,000 acres of Community Forest Trust lands.
- Recreation - DNR works with recreation groups, volunteers, and others to provide recreational opportunities on DNR-managed lands.
- Geological hazards/resources - DNR identifies and documents state geology and volcanic, earthquake, tsunami, and landslide hazards. DNR's LIDAR data is used for geologic and hazard mapping and high-quality elevation data use by the state and local governments and the private sector.

State Parks and Recreation (State Parks) has about 40 million visits per year through operation of:

- State parks - Washington has 125 developed parks as well as 92 heritage sites, conservation areas, and other properties on more than 125,000 acres. Park facilities include picnic, day use and historic sites, campsites, cabins, yurts, and vacation houses. Facilities at various parks include boat launches, docks, marinas, and trails. Conference, interpretive, and retreat centers are also available at some parks. Park

rangers provide law enforcement services for visitors and protect park resources. There are nearly 700 miles of hiking trails in state parks, mountain biking trails in nearly three dozen parks, equestrian trails in 10 parks and many ocean beaches, and a few water trails. With a few exceptions, a Discover Pass is required for vehicle access to lands managed by State Parks, DFW, and DNR.

- Statewide boating - In addition to boating facilities (launches, etc.) in state parks, State Parks provides boater safety and outreach, marine law enforcement and mandatory boat certification, accident reporting, aids to navigation and assisting the Department of Licensing with the registration and titling of vessels. State Parks provides training, funding, and recognition to 52 local law enforcement agencies that maintain a marine law enforcement program.
- Winter recreation programs - State Parks manages a state-wide system of Sno-Parks that provide public access to snow-based recreational trails to allow for snowmobiling, cross-country skiing, snowshoeing, and other winter activities.

Smaller agencies, boards, and commissions

- **Conservation Commission:** Provides non-regulatory outreach and grants to landowners for conservation and environmental restoration.
- **Columbia River Gorge Commission:** Sets land use policy in the Columbia River Scenic Area.
- **Recreational Conservation Office:** Administers grant programs for outdoor recreation, habitat, and farmland protection, provides administrative support for five boards, and provides policy and planning for development of outdoor recreation for the state.
- **Washington Pollution Liability Insurance Agency:** The Commercial Underground Storage Tank Reinsurance Program provides secondary insurance (reinsurance) for oil/gas tanks. The Heating Oil Pollution Liability Insurance Program provides pollution liability coverage and technical assistance to owners of registered heating oil tanks. The agency also provides loans and grants for underground storage tanks.
- **Environmental and Land Use Hearings Office:** Supports three independent boards that resolve appeals related to natural resources regulations, and land disputes related to the Growth Management Act.
- **Puget Sound Partnership:** Coordinates state efforts to protect the water quality of Puget Sound and efforts to restore Hood Canal.

Other Budget Items

DEBT SERVICE

Debt Service Paid by the Operating Budget

- **Bonds** to finance the capital budget are issued as needed as projects are completed over about a four to six year period.
- The **debt limit** restricts the amount of bonds that can be issued. The Treasurer cannot issue any bonds that would cause the debt service on the new plus existing bonds to exceed the constitutional limit of 9% of general state revenue averaged over six years. Under Engrossed Senate Joint Resolution 8221, adopted by voters in November 2012, the constitutional limit of 9% of general state revenue (GSR) is phased down to 8% of GSR by 2034, and the state portion of property tax is added to the definition of GSR.
- **Bond capacity** for a given biennium is the amount of new appropriations that can be authorized by the Legislature for which the Treasurer can issue bonds to finance without exceeding the debt limit in the future given forecasted variables and a stable capital budget level in future biennia.
- Interest rates, revenue, and other factors affect bond capacity.

Debt Service Comparison (\$ in billions)					
	2011-13 (act.)	2013-15 (act.)	2015-17 (act.)	2017-19 (act.)	2019-21 (budget)
NGF-O	\$2.14	\$1.83	\$2.19	\$2.28	\$2.46
Debt service as a percent of NGF-O	6.7%	5.4%	5.7%	5.1%	4.7%

PENSIONS

Summary of the State Pension System

Pension Funding – The primary goal of a pension system is to accumulate enough money during a member’s working career to pay retirement benefits after the member retires. Actuaries use actuarial funding methods to determine how much employers and employees need to contribute to pensions currently to pay for future retirement benefits. Investment returns play an important role in pension funding and impact the necessary contribution amount by employers and employees over time. Pension funds are invested by the State Investment Board.

The actuarial status or soundness of pension plans depends on appropriate employer and employee contribution rates over time which are impacted by investment returns and future plan/benefit provisions.

As of December 30, 2019, there were 334,961 active members (working and contributing to the plans), 197,286 annuitants (retirees, beneficiaries, and others who receive monthly payments), and 289,286 inactive members (left employment, are not yet receiving benefits). As of June 30, 2019, \$125.6 billion was held in retirement trust fund assets, \$4.6 billion is collected annually in retirement plan contributions (from members/employees and employers).

Retirement systems - The state retirement system is made up of eight state-administered public retirement systems for state and local government employees with 15 different plans within those systems. The number of participating members below is as of June 30, 2019.

- The Public Employees Retirement System (PERS) was created in 1947 and includes most state, city, and county employees (303,631 participating members). There are three plans under this system, PERS 1 (closed), PERS 2, and PERS 3.
- The Teachers Retirement System (TRS) was created in 1937 and includes certified school employees including teachers and certified administrators (141,708 participating members). There are three plans under this system, TRS 1 (closed), TRS 2 (closed), and TRS 3.
- The School Employees Retirement System (SERS) was created in 2000 and covers non-certified school employees (99,477 participating members). There are two plans under this system, SERS 2 (closed) and SERS 3.
- The Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) was created in 1969 and covers full-time police, deputy sheriffs, and firefighters (32,974 participating members). There are two plans under this system, LEOFF 1 (closed) and LEOFF 2.
- The Washington State Patrol Retirement System was created in 2003 and covers commissioned officers of the Washington State Patrol (2,330 participating members). There are two plans under this system, WSPRS 1 (closed) and WSPRS 2.

- The Public Safety Employees Retirement System (PSERS) was created in 2004 and took effect in 2006 (8,570 participating members). There is one plan under this system, PSERS 2.
- Other systems included in the state system are the Higher Education Retirement Plan (primarily a defined contribution plan open to many college and university employees often referred to as TIAA/CREF), the Judicial Retirement Systems, Judges Retirement System, the First Class Cities (Seattle, Tacoma, Spokane), and the Volunteer Firefighters and Reserve Officers' Relief and Pensions.

*LEGAL AND
OTHER BUDGET
CONSIDERATIONS*

Other Considerations in Writing the Operating Budget

The State Constitution

The state constitution contains many restrictions on legislation and the process of legislating. Many of these restrictions are mainly procedural--in other words, they affect *how* the Legislature enacts the laws rather than *what* types of laws the Legislature may enact. For the Appropriations Committee, these procedural requirements generally affect what may be included in the operating budget, what types of restrictions may be placed on appropriations, and which appropriation items the governor may veto.

In other cases, the constitution places substantive limits on what the Legislature may enact. In other words, the constitution prohibits the Legislature from enacting certain types of legislation. Substantive restrictions most frequently discussed in the context of the operating and capital budget are lending of credit and special legislation.

The Title/Subject Rule (Procedural)

Article II, section 19 requires that a bill contain only one subject and that this subject be expressed in the bill's title. The first part of the test requires a rational unity among the subparts of a bill; the second part requires that the bill's subject matter be expressed in its title. The purposes of the title/subject rule are preventing "logrolling" and informing legislators and the public of the subject matter of pending legislation. Because budget bills have broad titles and subjects, courts traditionally have given the Legislature a significant amount of latitude in this area and generally allow any subject reasonably germane to the appropriations to be included in the bill. The courts have ruled, however, that this constitutional provision prevents the Legislature from making "substantive law" in the budget bill. The courts generally consider three criteria when determining whether a budget provision is substantive law: (1) whether it affects rights or liabilities; (2) whether it has been included in other legislation; and (3) whether it appears to outlast the biennium covered by the budget.

Appropriation Requirement (Procedural)

Article VIII, section 4 establishes the Legislature's authority over the budget process. This section has three main provisions: (1) Before state agencies may spend money from accounts in the state treasury, they must receive an appropriation in law. In other words, appropriations must be made in bills that pass both houses and are approved by the Governor. (2) Appropriations are temporary in nature. They may be made only for the two-year budget cycle and they expire at the end of that cycle. (3) All appropriations must specify an amount, an account, and a purpose.

In some cases, agencies may make expenditures without an appropriation. First, some accounts are non-appropriated and in the custody of the State Treasurer rather than in the state treasury. These accounts do not require a specific appropriation if the Legislature establishes the account in that manner. Second, a statutory "unanticipated receipts" process permits expenditure of some non-state moneys without an appropriation if the moneys were not anticipated in the budget and the legislators are notified and given an opportunity to comment.

Governor's Item Veto Powers (Procedural)

Article III, section 12 establishes the Governor's veto power. Generally, for policy bills, the Governor may veto only entire sections of the bill--the Governor may not veto words, sentences, or subsections. In budget bills, the Governor may veto appropriation "items." Items include dollar appropriations and provisos that condition or limit appropriations. In general, the Governor may not veto less than an entire proviso or subsection. If the Governor vetoes a proviso that directs funding within a lump sum appropriation, the veto results in a reduction of the overall appropriations.

Prohibition on Lending of Credit/Gifts of Public Funds (Substantive)

Article VIII, sections 5 and 7, along with Article XII, section 9, prohibit the state and local governments from: (1) making gifts or loans of public funds to private individuals or corporations; (2) investing in private corporations (subject to specified exceptions); or (3) otherwise lending public credit to private individuals or corporations. These prohibitions apply equally to for-profit and non-profit corporations. In addition, Article VII, section 1 requires that tax revenues be spent only for public purposes.

Court decisions interpreting these provisions have established several criteria to determine whether state actions are a prohibited lending of credit or gift of public funds. First, governments may provide assistance to the poor or infirm, or to entities whose purposes are wholly public (such as local governments). Second, governments may lend credit or use public funds for fundamental purposes of government, even if these actions result in private benefit. Third, if public funds are otherwise provided to a private individual or corporation, the expenditure cannot be a loan, gift, or guarantee and must have adequate consideration--that is, legally sufficient compensation to the public in exchange for the benefit received. In addition, courts ask whether the private benefit is incidental to the larger public benefit, and whether public funds have otherwise been placed at risk.

Special Legislation (Substantive)

Article I, section 12 and Article II, section 28 may prohibit the Legislature from enacting "special laws"--that is, laws operating on only one individual, private corporation, or municipal corporation. To avoid violating these restrictions, a law must operate on categories or classes rather than specific individuals or entities. A class may consist of one person or corporation, so long as the law applies equally to all members of that class and the law's exclusions are rationally related to the purpose of the statute.

Balanced Budget and Four-year Outlook Requirements

Enacted in 2012 (SSB 6636), the balanced budget and four year outlook provisions require that the legislature adopt a balanced operating budget appropriations bill that leaves a projected positive ending fund balance at the end of the current biennium in the General Fund-State and related accounts (Education Legacy Trust Account and Opportunity Pathways Account). In addition, the projected maintenance level budget cannot exceed the available fiscal resources for the ensuing biennium based on the criteria established in statute. The Economic and Revenue Forecast Council oversees the preparation of and adopts the state budget outlook. A state budget outlook must be published each November based on the November caseload and revenue forecasts, each January based on the Governor's proposed operating budget, and 30 days after an operating budget is enacted by the Legislature.

Additional details and previous outlooks can be found on the Economic and Revenue Forecast Council's website at: <http://www.erfc.wa.gov/forecast/budgetOutlook.shtml>

Expenditure Limit

Initiative 601, enacted in 1993, among other things, established an expenditure limit for the State General Fund (GF-S). The expenditure limit has been amended several times since then. In 2015, the Legislature suspended the expenditure limit until July 1, 2021 to address its funding obligations under the McCleary (K-12) Supreme Court case.

Generally, the expenditure limit for a fiscal year is the actual spending level from the previous fiscal year multiplied by the fiscal growth factor, plus or minus any adjustments required by statute. Beginning with the 2007-09 biennium, the fiscal growth factor is based on a 10-year average of state personal income growth. (Previously, the fiscal growth factor was the average rate change in state population and inflation, as measured by the implicit price deflator, during the prior three fiscal years.)

The expenditure limit is adjusted downward annually to reflect the extent to which actual expenditures in the prior year are less than the maximum amount allowed under the expenditure limit. This is sometimes referred to as rebasing. Other downward adjustments to the spending limit are required when program costs or moneys are shifted out of the state General Fund to other dedicated accounts. Upward adjustments to the spending limit occur if program costs or moneys are transferred into the state General Fund from other accounts. Other adjustments (both upward and downward) occur if federal or local government costs are shifted to or from the state General Fund.

The Expenditure Limit Committee calculates the expenditure limit each November and projects an expenditure limit for the next two fiscal years. The Expenditure Limit Committee consists of the Director of the Office of Financial Management, the Attorney General or designee, the chairs of the Senate Ways & Means and the House Appropriations committees, and the ranking minority members of the Senate Ways & Means and the House Appropriations committees.

Budget Stabilization Account

The Budget Stabilization Account was created by constitutional amendment in 2007. Each June, the State Treasurer transfers an amount equal to 1% of general state revenues from the state General Fund to the Budget Stabilization Account (BSA).

In addition to the 1% annual transfer, 75% of any extraordinary revenue is also transferred from the state General Fund to the BSA. Extraordinary revenue is defined as the amount by which the growth in general state revenues exceeds by one-third the average biennial growth in general state revenues over the prior five biennia. The transfer of extraordinary revenue

growth will not take place following a fiscal biennium in which state employment growth averaged less than 1 percent. In determining whether extraordinary revenue growth has occurred, historical general state revenues must be adjusted to reflect statutory changes to revenue dedication.

Funds may be appropriated from the Budget Stabilization Account only by three-fifths majority vote unless: (1) the estimated employment growth in any fiscal year is less than 1% (moneys may be appropriated from the BSA in that year with a simple majority; or (2) the BSA balance is more than 10% of estimated general state revenues in a fiscal year (the balance over 10% may be transferred to the Education Construction Fund by a simple majority).

The BSA ending balance at the end of the 2019-21 biennium is estimated to be \$2.2 billion. (The 2017-19 ending balance was 1.6 billion.)

Appendix 1:

Revenue Overview

2019-21 General Fund Revenue Forecast by Source*		
Tax	\$ in millions	%
Retail sales and use	\$24,430	50.6
Business and Occupation	\$9,909	19.1
Property (state)	\$7,751	15.4
Real Estate Excise	\$2,030	4.0
Insurance Premium	\$1,309	2.6
Public Utility	\$903	1.8
Cigarette	\$655	1.3
Liquor	\$595	1.2
Other	\$1,723	3.4
TOTAL	\$50,305	100

* Based on November 2019 revenue forecast.

2019-21 Near General Fund-Outlook (NGF-O) Revenue Forecast*	\$ in millions
State General Fund	\$50,305
Education Legacy Trust Account	\$1,137
Opportunity Pathways Account	\$291
Total	\$51,733

* Based on November 2019 revenue forecast.

Recent NGF-O Revenue History					
(\$ in billions)					
	2011-13	2013-15	2017-19	2019-21*	2021-23*
NGF-O biennial revenue	\$31.1	\$34.3	\$46.1	\$51.7	\$55.27

*Forecasted

Appendix 2

*2019-21 Biennial Operating Budget
Appropriations by Agency (and
program for certain agencies)*

2019-21 Omnibus Operating Budget
Enacted
(Dollars In Thousands)

	NGF-O	Total
Legislative	190,001	220,755
Judicial	332,748	418,511
Governmental Operations	689,950	4,606,909
Other Human Services	10,115,563	29,847,415
Dept of Social & Health Services	6,393,519	13,806,755
Natural Resources	438,313	2,137,583
Transportation	120,869	259,256
Public Schools	27,245,910	29,287,911
Higher Education	4,038,399	15,447,416
Other Education	68,794	141,960
Special Appropriations	2,806,132	3,091,849
Total Budget Bill	52,440,198	99,266,320
Appropriations in Other Legislation	58,424	439,644
Statewide Total	52,498,622	99,705,964

**2019-21 Omnibus Operating Budget
Enacted**

(Dollars In Thousands)

	NGF-O	Total
Legislative		
House of Representatives	83,241	87,507
Senate	61,368	64,300
Jt Leg Audit & Review Committee	0	9,848
LEAP Committee	0	4,573
Office of the State Actuary	680	6,879
Office of Legislative Support Svcs	8,893	9,510
Joint Legislative Systems Comm	24,314	25,136
Statute Law Committee	10,505	12,002
Redistricting Commission	1,000	1,000
Total Legislative	190,001	220,755
Judicial		
Supreme Court	18,386	19,060
State Law Library	3,435	3,563
Court of Appeals	41,703	43,195
Commission on Judicial Conduct	2,497	2,627
Administrative Office of the Courts	131,305	208,673
Office of Public Defense	92,932	97,015
Office of Civil Legal Aid	42,490	44,378
Total Judicial	332,748	418,511
Total Legislative/Judicial	522,749	639,266

NGF-O = GF-S + ELT + OpPath

W1025

**2019-21 Omnibus Operating Budget
Enacted**

(Dollars In Thousands)

	NGF-O	Total
<i>Governmental Operations</i>		
Office of the Governor	19,771	22,445
Office of the Lieutenant Governor	2,588	2,737
Public Disclosure Commission	10,338	11,172
Office of the Secretary of State	51,762	119,178
Governor's Office of Indian Affairs	717	745
Asian-Pacific-American Affrs	648	674
Office of the State Treasurer	0	19,982
Office of the State Auditor	60	101,904
Comm Salaries for Elected Officials	469	499
Office of the Attorney General	29,912	341,131
Caseload Forecast Council	3,829	3,997
Dept of Financial Institutions	0	59,697
Department of Commerce	185,970	668,308
Economic & Revenue Forecast Council	1,748	1,900
Office of Financial Management	41,132	251,288
Office of Administrative Hearings	0	45,738
State Lottery Commission	0	1,164,108
Washington State Gambling Comm	0	29,812
WA State Comm on Hispanic Affairs	814	840
African-American Affairs Comm	619	645
Department of Retirement Systems	0	71,636
State Investment Board	0	60,028
Department of Revenue	294,968	351,728
Board of Tax Appeals	4,803	4,965
Minority & Women's Business Enterp	210	5,557
Office of Insurance Commissioner	0	74,334
Consolidated Technology Services	376	269,600
State Board of Accountancy	0	3,631
Bd of Reg Prof Eng & Land Surveyors	0	4,863
Forensic Investigations Council	0	692
Dept of Enterprise Services	9,527	402,174
Washington Horse Racing Commission	0	5,805
Liquor and Cannabis Board	748	102,620
Utilities and Transportation Comm	296	68,960
Board for Volunteer Firefighters	0	1,017
Military Department	20,169	313,048

NGF-O = GF-S + ELT + OpPath

W1025

2019-21 Omnibus Operating Budget
Enacted
(Dollars In Thousands)

	NGF-O	Total
Public Employment Relations Comm	4,521	10,441
LEOFF 2 Retirement Board	50	2,605
Archaeology & Historic Preservation	3,905	6,405
Total Governmental Operations	689,950	4,606,909

2019-21 Omnibus Operating Budget
Enacted
(Dollars In Thousands)

	NGF-O	Total
<i>Other Human Services</i>		
WA State Health Care Authority	5,779,026	21,245,905
Human Rights Commission	5,053	7,856
Bd of Industrial Insurance Appeals	0	48,663
Criminal Justice Training Comm	51,346	67,765
Department of Labor and Industries	24,803	959,287
Department of Health	147,968	1,281,892
Department of Veterans' Affairs	49,723	177,839
Children, Youth, and Families	1,753,924	2,889,263
Department of Corrections	2,296,026	2,399,525
Dept of Services for the Blind	7,624	35,337
Employment Security Department	70	734,083
Total Other Human Services	10,115,563	29,847,415

**2019-21 Omnibus Operating Budget
Enacted**

(Dollars In Thousands)

	NGF-O	Total
<i>Dept of Social & Health Services</i>		
Mental Health	829,965	1,009,125
Developmental Disabilities	1,785,920	3,664,102
Long-Term Care	2,768,011	6,423,558
Economic Services Administration	728,187	2,220,580
Vocational Rehabilitation	34,261	145,856
Administration/Support Svcs	63,830	114,466
Special Commitment Center	108,765	113,345
Payments to Other Agencies	74,580	115,723
Total Dept of Social & Health Services	6,393,519	13,806,755
Total Human Services	16,509,082	43,654,170

**2019-21 Omnibus Operating Budget
Enacted**

(Dollars In Thousands)

	NGF-O	Total
<i>Natural Resources</i>		
Columbia River Gorge Commission	1,114	2,330
Department of Ecology	59,946	590,384
WA Pollution Liab Insurance Program	0	3,266
State Parks and Recreation Comm	32,514	179,927
Recreation and Conservation Office	2,359	11,868
Environ & Land Use Hearings Office	4,973	5,227
State Conservation Commission	15,746	27,757
Dept of Fish and Wildlife	138,370	516,096
Puget Sound Partnership	9,454	24,631
Department of Natural Resources	136,105	558,923
Department of Agriculture	37,732	217,174
Total Natural Resources	438,313	2,137,583

2019-21 Omnibus Operating Budget
Enacted
(Dollars In Thousands)

	NGF-O	Total
Transportation		
Washington State Patrol	111,675	201,349
Department of Licensing	9,194	57,907
Total Transportation	120,869	259,256

2019-21 Omnibus Operating Budget
Enacted
(Dollars In Thousands)

	NGF-O	Total
Public Schools		
OSPI & Statewide Programs	58,877	176,706
State Board of Education	3,046	3,046
Professional Educator Standards Bd	19,610	19,614
General Apportionment	19,235,401	19,235,401
Pupil Transportation	1,230,694	1,230,694
School Food Services	14,460	696,650
Special Education	2,958,602	3,458,050
Educational Service Districts	25,817	25,817
Levy Equalization	754,891	754,891
Elementary/Secondary School Improv	0	5,802
Institutional Education	32,347	32,347
Ed of Highly Capable Students	62,041	62,041
Education Reform	271,628	370,419
Grants and Pass-Through Funding	71,137	71,137
Transitional Bilingual Instruction	411,989	514,235
Learning Assistance Program (LAP)	889,621	1,423,102
Charter Schools Apportionment	99,810	99,810
Charter School Commission	250	2,460
Compensation Adjustments	1,105,689	1,105,689
Total Public Schools	27,245,910	29,287,911

2019-21 Omnibus Operating Budget
Enacted
(Dollars In Thousands)

	NGF-O	Total
Higher Education		
Student Achievement Council	780,768	835,985
University of Washington	732,280	8,183,169
Washington State University	486,903	1,797,561
Eastern Washington University	129,019	340,027
Central Washington University	129,983	429,265
The Evergreen State College	65,521	163,011
Western Washington University	174,003	425,361
Community/Technical College System	1,539,922	3,273,037
Total Higher Education	4,038,399	15,447,416
Other Education		
State School for the Blind	18,104	24,871
Deaf and Hard of Hearing Youth	28,880	30,004
Workforce Trng & Educ Coord Board	4,268	60,705
Washington State Arts Commission	4,415	6,747
Washington State Historical Society	7,387	10,183
East Wash State Historical Society	5,740	9,450
Total Other Education	68,794	141,960
Total Education	31,353,103	44,877,287

**2019-21 Omnibus Operating Budget
Enacted**

(Dollars In Thousands)

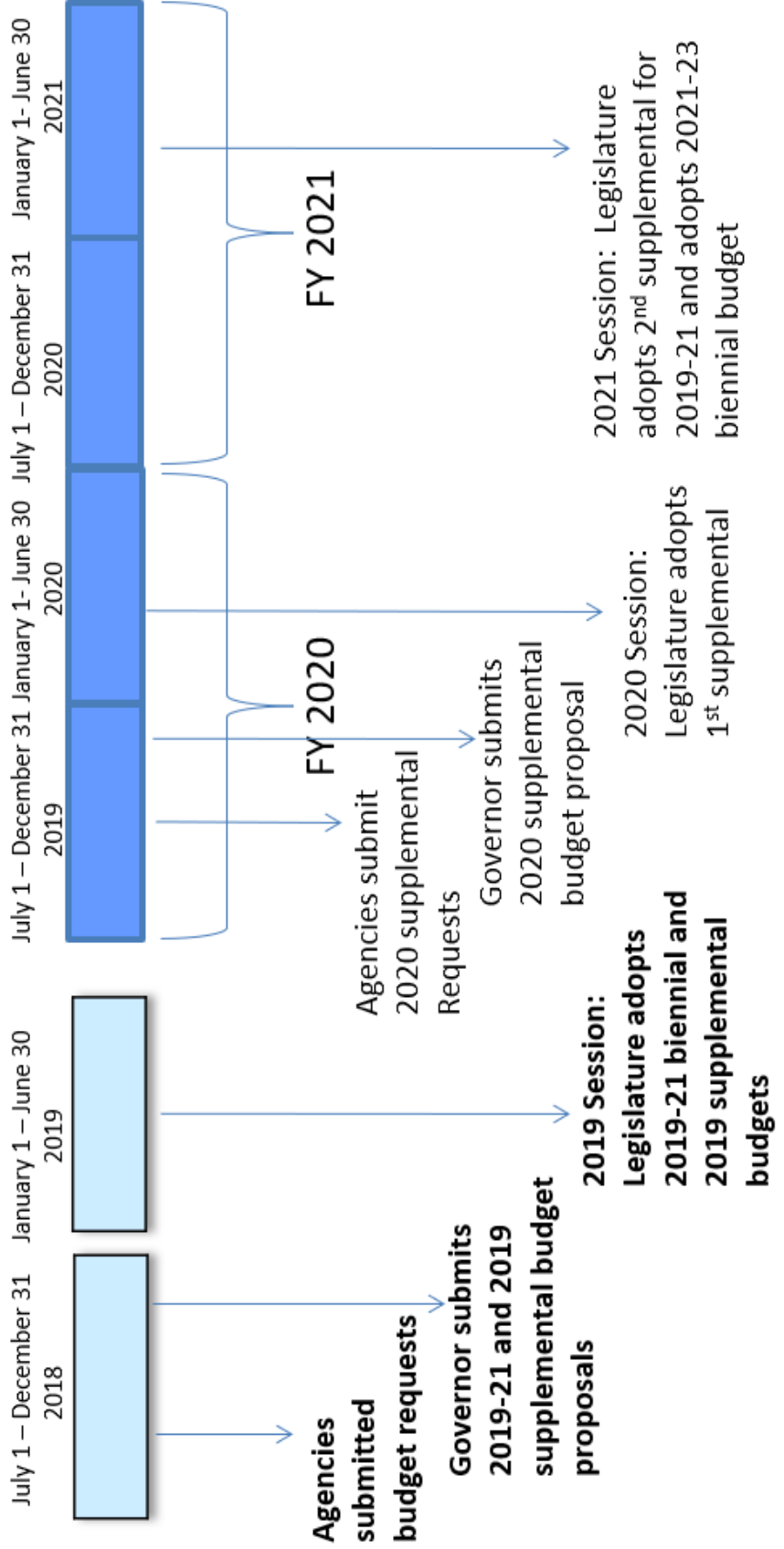
	NGF-O	Total
<i>Special Appropriations</i>		
Bond Retirement and Interest	2,462,066	2,623,472
Special Approps to the Governor	192,921	287,845
Contributions to Retirement Systems	151,145	180,532
Total Special Appropriations	2,806,132	3,091,849

Appendix 3:

*2019-21 Budget Development
Calendar*

2019-21 Biennial Budget Calendar

Agencies develop budget proposals in summer, submit in the fall. Each December the Governor releases proposed budgets. The Legislature develops budgets during session(s) and sends to the Governor.



Appendix 4:

Glossary of Budget Terms

Budget Terms

Appropriation – The legislative authorization in a bill to make expenditures and incur obligations from a particular fund. Appropriations typically limit expenditures to a specific amount and purpose within a fiscal year or biennial timeframe.

Biennium – A two-year fiscal period. The Washington State biennium runs from July 1 of an odd-numbered year to June 30 of the next odd-numbered year. (The 2019-21 biennium begins on July 1, 2019 and ends June 30, 2021).

Budget Notes – A legislative fiscal staff publication that summarizes the budget passed by the state Legislature. The publication is usually distributed a few months after the end of the legislative session. Budget notes provide guidance but do not have the same legal force as appropriation bill language.

Bow Wave – Any additional cost (or savings) that occurs in the future because a budget item in the current biennium is not in place for the entire biennium. Example: A program started in the last six months of this biennium might cost \$100,000. If that program operates for a full 24 months next biennium, costing \$400,000, then the current biennium budget decision is said to have a bow wave of \$300,000.

Caseloads – Caseload means the number of persons expected to meet entitlement requirements and utilize the services of state correctional institutions, state correctional non-institutional supervision, state institutions for juvenile offenders, the public schools (K-12), long-term care, medical assistance, foster care, and adoption support. Entitlement program caseloads are forecasted by the Caseload Forecast Council.

Dedicated Funds – Funds set up by law to receive revenue from a specific source and that may only be spent for a specific purpose.

Entitlement – A service or payment that, under state or federal law, must be provided to all applicants who meet the eligibility requirements.

Fiscal Year – The state fiscal year is the 12-month period from July 1 through the next June 30. Fiscal Year (FY) 2020 begins July 1, 2019 and ends June 30, 2020. The federal fiscal year runs October 1 through September 30.

Fiscal Note – A statement of the estimated fiscal impact of proposed legislation. This cost estimate is developed by the state agencies affected by the bill, and then approved and communicated to the Legislature by the Office of Financial Management.

Full-Time Equivalent (FTE) – *As a unit of measure of state employees:* refers to the equivalent of one person working full-time for one year (approximately 2,088 hours of paid staff time). Two persons working half-time also count as one FTE. *As a unit of measure of students in K-12 or higher education:* refers to the equivalent of one student attending class full-time for one school year (based on fixed hours of attendance, depending on grade level).

Fund or Account – An independent budget and accounting entity with a self-balancing set of accounts representing all related resources, obligations and reserves.

Fund Balance – In budget terminology, the difference between estimated resources and budgeted expenditures.

General Fund-State – The general fund represents all financial resources and transactions not required by law to be accounted for in other funds. General Fund-State (GF-S) refers to the basic account that receives revenue from Washington’s sales, property, business and occupation, and other general taxes; it is spent for operations such as public schools, social services, and corrections.

Maintenance Level – A projected expenditure level representing the estimated cost of providing currently authorized services in the ensuing biennium. It is calculated using current appropriations, adjusted for any bow wave (costs or savings), and adjusted for trends in entitlement caseload/enrollment and other mandatory expenses.

Nonappropriated Funds – Funds where expenditures can be made without legislative appropriation. Only funds specifically established in state law and that are outside the state treasury (in the custody of the State Treasurer rather than in the Treasury) may be exempt from appropriation (one notable example is tuition at higher education institutions).

Operating Budget – A series of specific appropriations made to individual agencies, typically in a bill providing for the administrative and program/service functions of state government, including K-12, higher education, and human services.

Performance Measure – A quantitative indicator of how programs or services are directly contributing to the achievement of an agency’s objectives. These indicators may include measures of inputs, outputs, outcomes, productivity, and/or quality.

Proviso – Language in budget bills that places a specific condition on the use of appropriations. Example: “\$500,000 of the General Fund-State appropriation is provided solely for five additional inspectors in the food safety program.”

Appendix 5:

Other Resources for State Budget/Fiscal Information

- Legislative Evaluation and Accountability Committee (LEAP)
 - leap.wa.gov
- fiscal.wa.gov (managed by LEAP)
- Office of Financial Management
 - ofm.wa.gov
- House Appropriations Committee
 - leg.wa.gov/House/Committees/APP
- Senate Ways and Means Committee
 - leg.wa.gov/Senate/Committees/WM