



**PROPOSED SENATE
2021-23
OPERATING BUDGET
OVERVIEW**

**Senator
Lynda Wilson**

SB 5451

**SENATE WAYS & MEANS COMMITTEE
FEBRUARY 2021**

Contents

Omnibus Operating Budget Overview	2
Summary of Senator Lynda Wilson's Budget Proposal	2
The Four-Year Outlook	3
Functional Areas of Government	4
K-12 Public Schools	4
Behavioral Health	5
Higher Education	6
Health Care and Public Health	6
Long-Term Care, Developmental Disabilities	7
Department of Children, Youth, and Families	8
Corrections & Other Criminal Justice	9
Housing and Homelessness	10
Other Human Services	11
Natural Resources	12
General Government	12
Judicial	13
Other Changes	13
Revenue-Related Bills	15
Fund Transfers & Budget-Driven Revenue	18
Senate Budget Summary	19

Omnibus Operating Budget Overview

Context

The 2020 Legislature closed their session with the passage of legislation to address the COVID-19 pandemic. Little did anyone know that the 2021 Legislature would begin in much the same place. The COVID-19 pandemic continues to affect the lives of all Washingtonians, the economy, and the state budget in different and unexpected ways. The hospitality industry has experienced large-scale job losses and business closures while other industries such as technology have grown. The federal government has enacted five COVID-19 funding bills to stimulate the economy and address the financial and societal hardships. Cumulatively, over \$30 billion in federal stimulus payments have been provided to individuals, households, and businesses as well as to the state, local governments, institutions of higher education and common schools.

The 2020 Legislature also closed with the expectation of a serious recession to rival the Great Recession. However, the 2021 Legislature begins the budget process with \$2 billion more revenue¹ than the 2020 Legislature did for the preceding 2019-21 biennium. Projected costs for continuing current programs and other mandatory cost adjustments are expected to increase by \$2.4 billion in 2021-23.

Summary of Senator Lynda Wilson's Budget Proposal

Senator Wilson's budget proposal for fiscal year 2021 and the 2021-23 biennium is SB 5451. In addition, Senator Wilson proposes six revenue bills. The details of the budget proposal are discussed more below and in the pages that follow. Detailed agency budgets are found in the "Agency Detail" document, or at fiscal.wa.gov.

Senator Wilson's proposed budget includes the following policy-related spending changes:

Federal Funding:

Senator Wilson's budget incorporates much of the federal spending contained in ESHB 1368 with changes to reflect other policy goals:

- Increases funding to K-12 schools to \$1.1 billion in federal funds.
 - \$871 million of these amounts are to facilitate school reopening. School districts receive half of the funds when updated 2021 school reopening plans are submitted. The remaining half is distributed in proportion to in-person student instruction to facilitate school reopening.
 - Directs \$200 million in federal public health funds to K-12 schools specifically for testing, contact tracing, vaccination management and other activities to safely reopen schools.
- Increases funding to statewide public health to \$443 million for vaccine management, laboratory capacity and testing.

¹ The projected ending fund balance at the end of 2021-23 is \$1.5 billion and \$2.1 billion in total reserves.

- Increases federal funding for business assistance grants to \$333 million.

Significant Spending Items:

- \$737 million in total funds (\$300 NGF-O) to eliminate state employee furloughs proposed by the Governor;
- \$298 million in state and federal funds for community behavioral health to expand bed capacity, increase rates and other supports;
- \$127 million in state and federal funds to increase primary care and behavioral health provider rates;
- \$177 million in state and federal funds to increase childcare rates and decrease copayments;
- \$226 million in state funds for broadband expansion; and
- \$63 million in state funds to improve forest health.

Significant Savings Items:

- \$821 million in state fund savings from higher federal Medicaid matching funds, of which \$538 million is in fiscal year 2021;
- \$705 million in savings from eliminating the unfunded liabilities of the Teachers' Retirement System plan 1 by merging the assets and liabilities of that plan with the Law Enforcement and Firefighters' System plan 1;
- \$121 million in state savings from the federal delay in disproportionate share hospital payments;
- \$113 million in state Cost-Of-Living Adjustment savings for certain employees as proposed Governor's budget; and
- \$99 million through the reduction of civil wards at Western and Eastern State Hospitals.

Major Revenue Changes:

- \$721 million of sales tax revenue from the sales of vehicles are redirected to the transportation budget to address transportation needs;
- \$101 million to implement the Working Families Tax Credit to provide the greater of \$50 or 10 percent of the amount received under the federal earned income tax credit to low-income families and individuals on an ongoing basis;
- \$77 million of business & occupation tax relief for manufacturers;
- \$60 million to remove the sales tax on purchases of adult and baby diapers; and
- \$10 million to remove the sales tax on purchases of wheelchairs and other mobility enhancing equipment.

The Four-Year Outlook

Senator Wilson's proposal, under the provisions of the four-year budget outlook (Chapter 8, Laws of 2012), is projected to end the 2023-25 biennium with \$220 million and \$1.3 billion in total reserves.

2021-23 Omnibus Operating Budget

SB 5451 (L. Wilson)

Funds Subject to Outlook

(Dollars in Millions)

	2019-21			2021-23			2023-25		
	FY 2020	FY 2021	2019-21	FY 2022	FY 2023	2021-23	FY 2024	FY 2025	2023-25
Beginning Balance	1,981	1,379	1,981	3,420	2,615	3,420	1,547	718	1,547
Current Revenues	24,915	26,403	51,318	26,855	27,812	54,666	29,063	30,371	59,434
November 2020 Revenue Forecast (NGF-O)	24,915	26,080	50,995	26,855	27,812	54,666	28,537	29,470	58,007
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	0	0	0	526	901	1,427
ERFC Additional Revenue (12/11-01/10 Collections)	0	323	323	0	0	0	0	0	0
Other Resource Changes	-84	1,784	1,700	-511	-803	-1,314	-1,075	-1,359	-2,435
GF-S Transfer to BSA (1%)	-237	-252	-489	-254	-261	-515	-266	-272	-539
CAFR Adjustments	24	0	24	0	0	0	0	0	0
Prior Period Adjustments	39	20	60	20	20	41	20	20	41
BSA Appropriations	0	1,788	1,788	0	0	0	0	0	0
Enacted Fund Transfers	89	106	195	0	0	0	0	0	0
Proposed Fund Transfers	0	116	116	21	10	31	5	5	10
Budget Driven Revenue	0	7	7	3	3	6	2	3	5
Tax & Fee Relief Legislation	0	0	0	-301	-577	-877	-837	-1,115	-1,952
Total Revenues and Resources	26,813	29,566	54,999	29,764	29,623	56,772	29,535	29,730	58,546
Enacted Appropriations	26,005	27,695	53,700	26,005	27,695	53,700	27,929	28,170	56,099
Carryforward Level Adjustments				1,663	-61	1,603	-59	-57	-115
Maintenance Level Total		-905	-905	19	751	771	1,258	1,644	2,903
Policy Level Total	0	-515	-515	-394	-174	-568	-176	-108	-284
K-12 Education	0	0	0	15	41	56	50	51	101
Higher Education	0	-30	-30	-74	-77	-151	-8	-6	-14
Social & Health Services	0	-187	-187	-99	24	-75	99	82	182
Low Income Health Care & Comm Behavioral Health	0	-348	-348	-126	30	-96	-83	-67	-150
All Other	0	62	62	163	144	306	136	117	253
Corrections	0	14	14	-18	-19	-37	-9	-8	-17
Compensation Changes (Employee and Non-employee)	0	-26	-26	48	48	95	-55	-55	-110
Debt Service	0	0	0	3	35	38	103	198	301
Pension Merger	0	0	0	-306	-399	-705	-409	-420	-830
Reversions	-572	-128	-700	-145	-135	-280	-136	-140	-276
Revised Appropriations	25,433	26,146	51,579	27,149	28,076	55,225	28,816	29,510	58,326
Projected Ending Balance	1,379	3,420	3,420	2,615	1,547	1,547	718	220	220
Budget Stabilization Account									
Beginning Balance	1,618	1,683	1,618	0	254	0	516	784	516
GF-S Transfer to BSA (1%)	237	252	489	254	261	515	266	272	539
BSA Appropriations	0	-1,788	-1,788	0	0	0	0	0	0
Appropriations from BSA	-200	-164	-364	0	0	0	0	0	0
Prior Period Adjustments	1	0	1	0	0	0	0	0	0
Interest Earnings	27	17	43	0	1	1	2	2	4
Budget Stabilization Account Ending Balance	1,683	0	0	254	516	516	784	1,059	1,059
Total Reserves	3,062	3,420	3,420	2,869	2,063	2,063	1,502	1,279	1,279
Percentage of Reserves to Revenues and Other Resources	12.3%	12.1%		10.9%	7.6%		5.4%	4.4%	

Functional Areas of Government

K-12 Public Schools

Increases

FEDERAL ESSER GRANTS – \$825 MILLION (2021 SUPPLEMENTAL), \$825 MILLION (2021-23)²

Federal funding allocated by the Coronavirus Response and Relief Supplemental Appropriations Act is provided to assist local educational agencies with school reopening. Allowable uses include, but are not limited to: purchasing personal protective equipment, providing mental health supports, addressing learning loss, repairing school facilities to reduce the spread of COVID-19, and other activities that are necessary to maintain the operation and continuity of services in local educational agencies.

SAFE SCHOOL COVID-19 FUNDING – \$200 MILLION (2021 SUPPLEMENTAL), \$200 MILLION (2021-23)³

Funding is provided from the COVID-19 Resiliency and Reopening Account to assist local educational agencies with vaccinations, testing, contact tracing and other activities to facilitate the safe reopening of schools.

SCHOOL EMPLOYEE BENEFITS RATE – \$59.5 MILLION (2021-23)

State funding is adjusted for increases in the School Employee Benefits Board insurance funding rate. The per employee per month rate of \$1,000 in fiscal year 2021 is increased to \$1,011 for fiscal year 2022, and \$1,033 for fiscal year 2023.

NON-PUBLIC SCHOOLS RELIEF – \$46.3 MILLION (2021 SUPPLEMENTAL)

Federal funding allocated by the Coronavirus Response and Relief Supplemental Appropriations Act is provided from the Governor's Emergency Education Relief Fund to provide emergency assistance to non-public schools.

² Because local education agencies must fully spend their ESSER I grants prior to receiving additional ESSER II allocations and because timing of school reopening will vary, OSPI is provided full spending authority for ESSER II grants in both the fiscal year 2021 supplemental budget and the 2021-23 biennial budget to address these uncertainties. Providing maximum appropriation authority in both budgets ensures that OSPI has spending authority for subgrants to local educational agencies as they reopen. Spending oversight is maintained by directing OFM to reduce OSPI's 2021-23 allotment of this appropriation by the amount subgranted to local educational agencies in fiscal year 2021.

³ OSPI is provided full spending authority for Safe School grants in both the fiscal year 2021 supplemental budget and the 2021-23 biennial budget to ensure that OSPI has spending authority for subgrants to local educational agencies as they reopen. Spending oversight is maintained by directing OFM to reduce OSPI's 2021-23 allotment of this appropriation by the amount subgranted to local educational agencies in fiscal year 2021.

Behavioral Health

Increases

TRUEBLOOD PHASE 2 – \$28 MILLION (2021-23), \$28 MILLION (2023-25)

Funding is provided for Phase 2 of the Trueblood settlement agreement. Phase 2 of the agreement covers King County, and includes funding for forensic navigators, crisis diversion and support, and housing and recovery services.

COMMUNITY BEHAVIORAL HEALTH CAPACITY – \$137 MILLION (2021-23), \$137 MILLION (2023-25)

Funding is provided for increased community-based behavioral health services, including state and community-operated civil commitment facilities, youth mobile crisis response and expanded funding for non-medicare services.

FORENSIC BEHAVIORAL HEALTH SERVICES – \$33 MILLION (2021-23), \$65 MILLION (2023-25)

Funding is provided for forensic behavioral health services, including the operating costs of two new competency restoration wards at Western State Hospital, a facility for patients deemed not guilty by reason of insanity at Maple Lane, and additional staff at Eastern State Hospital.

UNIVERSITY OF WASHINGTON BEHAVIORAL HEALTH TEACHING FACILITY – \$56 MILLION (2023-25)

Funding is assumed in the outlook for the operating costs for the new University of Washington Behavioral Health Teaching Facility, including short-term and long-term beds for voluntary and involuntary patients.

Savings or Decreases

STATE HOSPITAL CIVIL WARD REDUCTIONS – \$1.6 MILLION (2021 SUPPLEMENTAL), \$99 MILLION (2021-23), \$177 MILLION (2023-25)

Savings is achieved through the closure of 11 civil commitment wards at Western State Hospital and Eastern State Hospital. Three wards are closed at Eastern State Hospital and eight wards are closed at Western State Hospital, phased in over the 2021 supplemental budget and the 2021-23 biennium.

FEDERAL MEDICAID MATCH CHANGES – \$43 MILLION (2021 SUPPLEMENTAL), \$27 MILLION (2021-23)

Funding is adjusted to account for enhanced federal financial participation (FFP) in the Medicaid program provided through the Families First Coronavirus Response Act. This Act enhances FFP by 6.2 percentage points for certain populations and is assumed to end December 31, 2021.

BEHAVIORAL HEALTH FACILITY SAVINGS – \$4 MILLION (2021 SUPPLEMENTAL), \$11 MILLION (2021-23), \$16 MILLION (2023-25)

Savings is achieved through recognizing the delay of behavioral health facilities coming online in the 2021 supplemental budget and the required closure of the Yakima Competency Restoration Facility required under Trueblood in the 2021-23 biennium.

Higher Education

Increases

UNDOCUMENTED STUDENT RELIEF GRANTS – \$5 MILLION (2021 SUPPLEMENTAL)

Federal stimulus funds are provided to the Student Achievement Council for undocumented student relief grants in academic year 2020-21.

WSU MEDICAL SCHOOL – \$3.6 MILLION (2021-23), \$4.8 MILLION (2023-25)

Full funding is provided for 320 students (four cohorts of 80 students each) at the Elson S. Floyd College of Medicine by providing NGF-O funds for an additional 20 third- and fourth-year students. This funding allows previously funded cohorts of first- and second-year students to complete their education.

SOIL HEALTH INITIATIVE – \$2.1 MILLION (2021-23), \$2.1 MILLION (2023-25)

NGF-O funding is provided for Washington State University to continue development of a new soil health research and extension initiative, pursuant to Chapter 314, Laws of 2020 (SSB 6306).

PSYCHIATRY RESIDENCIES – \$2.4 MILLION (2021-23), \$3.3 MILLION (2023-25)

NGF-O funding is provided for the University of Washington to offer additional adult and child psychiatry residency positions.

Health Care and Public Health

Increases

COVID-19 RESPONSE – \$448 MILLION (2021 SUPPLEMENTAL)

Federal COVID-19 funding is provided to the Department of Health for responding to the pandemic, including funding for vaccines, testing and contract tracing.

PRIMARY CARE PHYSICIAN RATE INCREASE – \$39.1 MILLION (2021-23), \$46.5 MILLION (2023-25)

Funding is provided to increase evaluation and management (E&M) codes for primary care providers by 15 percent beginning October 1, 2021. Providers of pediatric and neonatal intensive and critical care E&M codes will receive an increase of 21 percent beginning October 1, 2021.

BEHAVIORAL HEALTH RATE INCREASE – \$6.5 MILLION (2021-23) , \$8 MILLION (2023-25)

Funding is provided to increase provider rates for behavioral health services by 15 percent beginning October 1, 2021.

UNINSURED & UNDERINSURED COVID CARE – \$6 MILLION (FEDERAL) (2021 SUPPLEMENTAL)

Funding is provided for grants for rural health clinics, federally qualified health centers and free clinics to provide health care services for uninsured and underinsured patients, regardless of immigration status, for the treatment of any health condition that is further complicated by the past or present treatment of the illness caused by COVID-19.

Savings or Decreases

FEDERAL MEDICAID MATCH CHANGES – \$251.1 MILLION (2021 SUPPLEMENTAL), \$128.2 MILLION (2021-23)

Funding is adjusted to account for enhanced federal financial participation (FFP) in the Medicaid program provided through the Families First Coronavirus Response Act. This Act enhances FFP by 6.2 percentage points for certain populations and is assumed to end December 31, 2021.

Long-Term Care, Developmental Disabilities

Increases

SHARED BENEFIT SETTLEMENT AGREEMENT – \$12 MILLION (2021 SUPPLEMENTAL), \$279 MILLION (2021-23), \$282 MILLION (2023-25)

State and federal funding is provided to cover prospective costs associated with a change in the number of compensated hours for Individual Providers as a result of a settlement agreement reached in the SEIU 775 v. DSHS lawsuit.

PROVIDER RATES – \$233 MILLION (2021 SUPPLEMENTAL), \$23 MILLION (2021-23), \$25 MILLION (2023-25)

State and federal funding in the 2021 supplemental budget is provided to extend the COVID-19 rate enhancements offered to contracted long-term care/developmental disabilities providers through June 2021. Ongoing funding is provided in the 2021-23 biennial budget to annually rebase and to apply an inflation factor to the Medicaid daily rates for skilled nursing facilities.

COMMUNITY SUPPORTS – \$34 MILLION (2021-23), \$50 MILLION (2023-25)

State and federal funding is provided to increase community supports available to long-term care and developmental disabilities clients, including expanding access to Individual and Family Services (342 slots), Basic Plus (123 slots) and Children’s In-Home Behavioral Support (117 slots) waivers; providing services to developmental disabilities clients who have recently graduated from high school; expanding access to home delivered meals; and expanding behavioral health transitions by adding 120 beds in assisted living facilities to care for these individuals.

DAN THOMPSON MEMORIAL TRUST – \$50 MILLION (2021-23)

State funding is appropriated into the developmental disabilities community trust account. The account may be used for the purchase of certain home and community-based services for individuals with developmental disabilities.

PERSONAL PROTECTIVE EQUIPMENT – \$40 MILLION (2021-23), \$20 MILLION (2023-25)

State and federal funding is provided to purchase personal protective equipment for in-home caregivers.

Savings or Decreases

FEDERAL MEDICAID MATCH CHANGES – \$231 MILLION (2021 SUPPLEMENTAL), \$122 MILLION (2023-25)

During the Public Health Emergency, a temporary 6.2 percentage point increase to the state's Federal Medical Assistance Percentage (FMAP) is available for Medicaid services through December 2021. The increased FMAP allows the agency to offset General Fund-State that would ordinarily be used for services for clients.

RENTAL SUBSIDIES – \$2 MILLION (2021 SUPPLEMENTAL), \$23 MILLION (2023-25), \$22 MILLION (2023-25)

State and federal savings are achieved by providing rental subsidies to facilitate the movement of clients who no longer need nursing levels of care into community settings.

Department of Children, Youth, and Families

Increases

CHILDCARE GRANTS AND PROVIDER RATES – \$50 MILLION (SUPPLEMENTAL), \$112.1 MILLION (2021-23), \$64 MILLION (2023-25)

One-time funding from additional Child Care Development Block Grant funding made available through the Coronavirus Relief and Response Supplemental Appropriations Act is provided for grants to child care providers in fiscal years 2021 and 2022. Ongoing funding is provided for an increase in Working Connections Child Care subsidy base rates to achieve the 75th percentile of market.

WCCC COPAYMENT STRUCTURE – \$58.2 MILLION (2021-23)

Funding is provided to reduce Working Connections Child Care (WCCC) monthly copayments to a maximum of \$115 per household for the 21-23 biennium.

ECEAP RATE INCREASE & EXPANSION – \$57.8 MILLION (2021-23)

Funding is provided to increase Early Childhood Education and Assistance Program (ECEAP) provider rates by 7 percent and to add 750 ECEAP slots beginning in fiscal year 2023.

CHILD WELFARE STAFFING – \$10.3 MILLION (2021 SUPPLEMENTAL)

Funding is provided for DCYF to maintain budgeted staffing levels during a temporary decline in screened-in intakes for child abuse and neglect.

Savings or Decreases

FUND SOURCE CHANGE – \$56.7 MILLION (FIVE-YEAR TOTAL)

General Fund-State savings are realized due to the appropriation of federal funds to pay for caseload impacts and emergency policies that have taken effect since the start of the COVID-19 pandemic.

ECEAP ENTITLEMENT DELAY – \$41 MILLION (2021-23), \$152 MILLION (2023-23)

Savings are realized due to the implementation of HB 1451 (ECEAP Entitlement), which delays the implementation of entitlement for the Early Childhood Education and Assistance Program (ECEAP) until the 2026-27 school year.

Corrections & Other Criminal Justice

Increases

MISSING/EXPLOITED CHILD TASK FORCE – \$1.3 MILLION (2021-23), \$1.3 MILLION (2023-25)

Funding is provided to expand the Missing/Exploited Child Task Force and net nanny operations through the creation of two permanent detective positions.

BODY SCANNERS – \$18.2 MILLION (2021-23), \$16 MILLION (2023-25)

Funding is provided to the Department of Corrections to install one body scanner at each of the seven major prison facilities that do not currently have a body scanner deployed. Funding is also provided for additional custody and nursing staff to support the use of the body scanners at each facility.

CUSTODY STAFF – \$12.8 MILLION (2021 SUPPLEMENTAL)

Funding is provided to the Department of Corrections for increased custody staff for on- and off-site health care delivery, to increase the custody relief factor used in the Department's prison staffing model, and for costs associated with nursing relief needed at the prison facilities.

HEPATITIS C TREATMENT – \$2 MILLION (2021 SUPPLEMENTAL), \$6 MILLION (2021-23), \$6 MILLION (2023-25)

Funding is provided to the Department of Corrections to increase the amount of Hepatitis C treatments delivered to incarcerated individuals. The amount of increased treatments aligns with actual experience from fiscal year 2020.

IMPAIRED DRIVING – \$0.7 MILLION(2021-23), \$2.4 MILLION (2023-25)

Funding is provided to the Department of Corrections for implementation of Senate Bill 5054 (Impaired Driving). This bill increases the look-back period for prior offenses of driving under the influence from ten to 15 years when determining whether a current driving under the influence charge will be a misdemeanor or a felony.

Savings or Decreases

DELAY MAPLE LANE EXPANSION – \$23.2 MILLION (2021-23), \$23.2 MILLION (2023-25)

Savings are assumed by delaying the occupancy date for the Maple Lane Correction Center. Due to caseload declines the new space is not currently needed.

TOLLING – \$5 MILLION (2021-23), \$12.3 MILLION (2023-25)

Savings are assumed resulting from the implementation of House Bill 1126 (Community Custody Tolling). Implementation of the bill would result in caseload reductions by removing the requirement of tolling on an individual's term of community supervision unless the individual had an active warrant.

END YAKIMA JAIL CONTRACT – \$1.9 MILLION (2021 SUPPLEMENTAL), \$3.7 MILLION (2021-23), \$3.7 MILLION (2023-25)

Savings are assumed due to the termination of a contract with Yakima County Jail for additional beds for incarcerated females. Due to caseload declines the capacity is no longer needed.

Housing and Homelessness

Increases

RENTAL ASSISTANCE – \$355 MILLION (2021 SUPPLEMENTAL)

Federal funds are provided for rental and utility assistance for low-income renters who are unable to pay rent due to the COVID-19 pandemic.

SHELTER CAPACITY – \$35 MILLION (2021-23)

Funding is provided for grants to local governments to increase homeless shelter capacity.

HOUSING SUPPORTS – \$10 MILLION (2021 SUPPLEMENTAL)

Federal funding is provided to small business landlords for mitigation of rental income losses during the state's eviction moratorium; for foreclosure prevention; dispute resolution services relating to evictions; to provide legal aid services to low-income families with eviction-, housing- and utilities-related matters; and legal work related to the eviction moratorium.

Other Human Services

Increases

FOOD ASSISTANCE – \$32.5 MILLION (2021 SUPPLEMENTAL), \$0.7 MILLION (2021-23)

Federal funding is provided to support food assistance programs. Coronavirus Relief Fund as well as an allocation made in the Coronavirus Response and Relief Supplemental Appropriations Act are used to increase funding for hunger relief.

DOMESTIC VIOLENCE VICTIMS – \$5.0 MILLION (2021-23)

Funding is provided for the Crime Victims Compensation Program (Labor & Industries) to offer benefits to suspected victims of domestic violence, including paying for medical exams prior to insurance.

MONITORING WITH VICTIM NOTIFICATION - \$3.8 MILLION (2021-23), \$3.8 MILLION (2023-25)

Funding is provided to counties for victim notification technology.

Savings or Decreases

WORKFIRST SERVICES UNDERSPEND – \$16.7 MILLION (2021 SUPPLEMENTAL)

Savings are realized due to underspend in WorkFirst Services resulting from the Economic Services Administration's waiver of required participation in WorkFirst activities during the COVID-19 pandemic.

TANF FUND SOURCE – \$15.2 MILLION (2021 SUPPLEMENTAL), \$17.4 MILLION (2021-23)

Savings are realized by reallocating available federal Temporary Assistance for Needy Families (TANF) funds toward other TANF services, caseload, and poverty reduction items.

SPECIAL COMMITMENT CENTER: CLOSE BIRCH UNIT – \$0.9 MILLION (2021 SUPPLEMENTAL), \$1.8 MILLION (2021-23), \$1.8 MILLION (2023-25)

Savings are assumed as a result of closing the Birch unit located at the Special Commitment Center total confinement facility located on McNeil Island. Declining caseloads results in the ability to consolidate living units.

Natural Resources

Increases

FIRE MOBILIZATION COSTS – \$7.6 MILLION (2021 SUPPLEMENTAL)

Funding is provided for fire mobilization costs that exceeded the amount provided in the Disaster Response Account.

WILDFIRE AND RELATED ITEMS – \$64 MILLION (2021 SUPPLEMENTAL)

Funding is provided to pay for wildfire suppression costs that exceeded existing appropriations. Funding is also provided for the Department of Fish and Wildlife to recover wildlife habitat impacted by wildfires in 2020.

FOREST HEALTH FUNDING – \$62.5 MILLION (2021-23), \$62.5 MILLION (2023-25)

Funding is provided for the Department of Natural Resources to implement their 20-year forest health plan to reduce the risk of catastrophic wildfires in the state, as specified in Chapter 95, Laws of 2017.

FOOD SUPPLY CHAIN – \$2 MILLION (2021-23)

Funding is provided for food infrastructure and market access grants that assist farmers, food processors and food distributors to pivot to new markets and business models, as a means to mitigate impacts of COVID-19 on traditional farm-to-market operations.

Savings or Decreases

SAVINGS – \$6.5 MILLION (2021 SUPPLEMENTAL), \$2.8 MILLION (2021-23)

Savings are achieved through one-time vacancy and contract freezes, reductions in travel and trainings, as well as other actions taken. State general fund savings are also made by shifting expenditures to other fund sources.

General Government

Increases

FINANCIAL RELIEF FOR WORKING FAMILIES – \$101 MILLION (2021-23), \$201 MILLION (2023-25)

Funding is provided fiscal relief to low-income households, providing the greater of \$50 or 10 percent of the amount received under the federal earned income tax credit.

Judicial

Increases

IT AND RELATED – \$23.1 MILLION (2021-23), \$21.7 MILLION (2023-25)

Funds are provided for the continued implementation of a new case management system, integration of other state management systems, and to modernize the Juvenile Corrections System. Funding is also provided to transition the Appellate courts to an electronic records management system, and for electronic equipment throughout the state's courts.

OTHER INCREASES – \$0.7 MILLION (2021-23), \$0.3 MILLION (2023-35)

Funding is provided for the State's statutorily required portion of a new King County superior court judge and to continue litigation defense in an ongoing class action lawsuit.

Other Changes

Increases

BUSINESS ASSISTANCE GRANTS – \$333 MILLION (2021 SUPPLEMENTAL)

Federal funds are provided for grants to small businesses that have been negatively impacted by COVID-19, including \$208 million for small businesses to maintain operation and \$125 million to assist with reopening costs for small businesses that have closed due to COVID-19.

BROADBAND INVESTMENT ACCELERATION – \$206 MILLION (2021-23)

Funding is provided to the Statewide Broadband Office in the Department of Commerce to implement the U.S. Department of Agriculture Reconnect Program and to establish broadband investment acceleration program with \$180 million in funding from the Statewide Broadband Account. Funding is transferred from the Public Works Assistance Account to the Statewide Broadband Account.

SECURITY EVALUATION AUDIT – \$1 MILLION (2021-23)

Funding is provided to contract out for an independent security evaluation audit of state agencies. The independent third party must audit the security and protection of digital assets of the state of Washington to test and assess the overall security posture. A report is due by August 31, 2022.

COVID-19 Response - \$80 MILLION (2021 SUPPLEMENTAL)

Funding is provided to the Office of Financial Management to allocate to state agencies for necessary and unanticipated expenditures related to COVID-19 response.

SELF-INSURANCE LIABILITY PREMIUMS – \$77.6 MILLION (2021-23)

Funding is provided to adjust agency budgets to reflect actuarially projected self-insurance premium costs.

ELIMINATE STATE EMPLOYEE FURLOUGHS – \$751 MILLION (2021-23)

Funding is provided to eliminate state employee furlough days during the 2021-23 biennium.

VETERAN COUNSELING AND WELLNESS – \$11 MILLION (2021-23), \$11 MILLION (2023-25)

State funding is provided to expand counseling and wellness services to veterans including expanding counseling services for veterans dealing with post-traumatic stress and war trauma; and deploying mental health counselors to public baccalaureate institutions and community and technical colleges to assist veterans and their family members who are enrolled in higher education in areas of the state where there is insufficient access to these services.

Savings or Decreases

WAGE CANCELLATION AND FURLOUGH SAVINGS – \$112.4 MILLION (2021 SUPPLEMENTAL), \$253 MILLION (2021-23), \$253 MILLION (2023-25)

Savings are achieved through governor-mandated furloughs of employees that do not require backfill in 2020 and cancellation of the general wage increase for employees not covered by a collective bargaining agreement, that was set to go into effect on July 1, 2020, for certain employees.

INITIATIVE 732 COLA – \$37 MILLION (2021-23)

Savings are achieved by suspending the I-732 cost of living adjustment for employees at community and technical colleges.

PENSION MERGER – \$706 MILLION (2021-23), \$830 MILLION (2023-25)

State and school district savings are achieved by merging the assets and liabilities of the Law Enforcement Officers' and Firefighters' System Plan (LEOFF) 1 and the Teachers' Retirement System (TRS) Plan 1, which eliminates the need for a TRS plan 1 unfunded actuarial accrued liability payment, as described in SB (Plans 1 and 2 of the State Retirement Systems). This proposal also includes an increase in the benefit multiplier for active LEOFF plan 2 members and a one-time payment of \$20,000 for LEOFF retirees.

CENTRAL SERVICES: OFM – \$3.4 MILLION (2021-23)

Savings are made to reflect each agency's anticipated share of charges for existing statewide financial applications, One Washington, and other central services provided by the Office of Financial Management.

CENTRAL SERVICES: ALL OTHER – \$35.1 MILLION (2021-23)

Savings are made to reflect each agency's anticipated share of charges for central services provided by the Secretary of State, State Auditor's Office, Attorney General's Office, Office of Administrative Hearings, Consolidated Technology Services, and Department of Enterprise Services.

Revenue-Related Bills

Revenue Legislation

Funds Subject to Outlook

(Dollars in Millions)

	2019-21	2021-23	2023-25	6 Yr
Revenue Legislation				
5449 Dedicating Vehicle Sales Tax to Transportation	0.0	-721.3	-1,768.8	-2,490.1
5422 B&O Tax Relief for Manufacturers	0.0	-77.7	-94.9	-172.6
5309 Sales Tax Relief on Adult and Baby Diapers	0.0	-59.8	-75.7	-135.5
5324 Sales Tax Relief For Mobility Enhancing Equipment	0.0	-9.6	-12.2	-21.8
5272 Liquor License Fee Suspension	0.0	-8.8	0.0	-8.8
1095 Business Exemption for Gov't Fin Assistance	0.0	0.0	0.0	0.0
5234 Repealing LTC Premium Assessment	0.0	0.0	0.0	0.0
5337 Senior Citizen Property Tax Relief	0.0	0.0	0.0	0.0
Total	0.0	-877.2	-1,951.6	-2,828.8

Savings or Decreases

WORKING FAMILIES FINANCIAL RELIEF – \$83.1 MILLION (2021-23), \$174.2 MILLION (2023-25)

SB 5424 would fund the Working Families' Tax Exemption under current law, which would provide a remittance to qualifying taxpayers of \$50 or 10 percent of the federal earned income credit, whichever is greater.

FUNDING TRANSPORTATION IMPROVEMENTS BY REDIRECTING STATE SALES TAX REVENUES ON NEW AND USED VEHICLE SALES – \$721.3 MILLION (2021-23), \$1.8 BILLION (2023-25)

SB 5449 redirects state sales tax revenues on new and used vehicle sales to the congestion relief and safety account beginning July 1, 2022, on a five-year phased-in schedule.

MANUFACTURING BUSINESS AND OCCUPATION TAX RELIEF – \$77.7 MILLION (2021-23), \$94.9 MILLION (2023-25)

SB 5422 reduces the manufacturing business and occupation tax rate to 0 percent.

SALES AND USE TAX RELIEF FOR ADULT AND BABY DIAPERS – \$59.8 MILLION (2021-23), \$75.7 MILLION (2023-25)

SB 5309 would provide a permanent sales and use tax exemption on the sales of adult and baby diapers.

SALES AND USE TAX EXEMPTION ON WHEELCHAIRS AND OTHER MOBILITY ENHANCING EQUIPMENT – \$9.6 MILLION (2021-23), \$12.2 MILLION (2023-25)

SB 5324 creates a retail sales and use tax exemption for sales of mobility enhancing equipment, and the components of mobility enhancing equipment, for home use and prescribed by a licensed person.

LIQUOR LICENSE FEE SUSPENSION – \$11.2 MILLION (2021-23), NO FISCAL IMPACT (2023-25)

SSB 5272 waives for one year the fees for certain liquor license renewals administered by the Liquor and Cannabis Board.

BUSINESS AND OCCUPATION TAX EXEMPTION FOR GOVERNMENTAL FINANCIAL ASSISTANCE FOR BUSINESSES ECONOMICALLY IMPACTED BY COVID-19 – INDETERMINATE IMPACT ON STATE REVENUES

SHB 1095 would exempt qualifying grants received on or after February 29, 2020, related to a national or state emergency proclamation from state excise taxes.

REPEALING THE LONG-TERM SERVICES AND SUPPORTS TRUST PROGRAM, INCLUDING THE REPEAL OF TAXES TO BE PAID BY EMPLOYEES THROUGH PAYROLL DEDUCTIONS – \$2.1 BILLION (2021-23), \$3.0 BILLION (2023-25)

SB 5234 would submit a proposition to the voters to repeal the long-term services and supports trust program along with the premium assessments paid by employees to fund the program.

SENIOR CITIZEN PROPERTY TAX RELIEF – NO IMPACT ON STATE REVENUES

SB 5337 increases the base income thresholds for the senior citizen property tax relief program by \$5,000. Therefore, a property owner would be able to qualify for relief with a combined disposable income of \$45,000 or less.

Fund Transfers and Budget Driven Revenues

SB 5451 (Senator L. Wilson)

Funds Subject to Outlook

(Dollars in Millions)

	2019-21	2021-23	2023-25	6 Yr
Fund Transfers In Budget Bill				
Home Security Fund Account (GF-S)	0.0	-9.0	0.0	-9.0
Gambling Revolving Account (GF-S)	-6.0	6.0	0.0	0.0
Tobacco Settlement Account (GF-S)	0.0	0.0	0.0	0.0
Tobacco Settlement Account (GF-S)	0.0	0.0	0.0	0.0
Financial Services Regulation Account (GF-S)	0.0	7.0	0.0	7.0
State Treasurer's Service Account (GF-S)	0.0	10.0	10.0	20.0
School Employees' Insurance Account (GF-S)	24.1	16.6	0.0	40.6
Disaster Response Account (GF-S)	97.5	0.0	0.0	97.5
Budget Stabilization Account (GF-S)	1,787.5	0.0	0.0	1,787.5
SubTotal	1,903.1	30.6	10.0	1,943.7
Budget Driven Revenue				
Liquor Control Board (Marijuana)	4.2	-5.0	-7.7	-8.5
5272 Liquor License Fees Suspension	0.0	-1.4	0.0	-1.4
Marijuana Distribution Changes	0.0	0.0	0.0	0.0
Lottery	0.0	1.9	0.8	2.7
Liquor Control Board (Liquor)	2.7	10.9	11.7	25.3
SubTotal	6.9	6.4	4.8	18.1
Grand Total	1,910.0	37.0	14.8	1,961.8

2021-23 Omnibus Operating Budget

SB 5451 (Senator L. Wilson)

Funds Subject to Outlook

(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
State Employee Compensation					
Furlough Buy-Back	0	0	299,996	736,659	299,996
Other Increases	0	0	93	123	369
Employee Health Benefits (Non-Rep.)	0	0	-9,723	-24,350	-13,825
Employee Health Benefits (Rep.)	0	0	-13,210	-27,364	-18,778
Furlough Savings (FY 2021)	-26,571	-59,754	0	0	-26,571
Initiative 732 COLA	0	0	-24,654	-37,435	-59,880
Employee Salary & Wages (Rep.)	0	0	-94,345	-220,221	-93,794
Employee Salary & Wages (Non-Rep.)	0	0	-216,347	-531,015	-216,347
COLA Savings (Certain Employees)	-26,408	-52,646	-113,370	-253,040	-252,116
State Employee Compensation Total	-52,979	-112,400	-171,560	-356,643	-380,946
K-12 Education					
Federal ESSER Grants*	0	824,852	0	824,852	0
Non-Public Schools Relief	0	46,263	0	0	0
Safe School COVID-19 Funding*	0	200,000	0	200,000	0
SEBB Rate	0	0	59,531	59,531	158,263
Charter School Time Frame	0	0	244	244	3,334
Other Increases	0	0	491	1,275	975
Transfers	0	0	-450	-450	-900
K-12 Education Total	0	1,071,115	59,816	1,085,452	161,672
Higher Education					
WSU: Medical School Completion	0	0	3,600	5,918	8,450
Psychiatry Residencies	0	0	2,444	2,444	5,738
Soil Health Initiative	0	0	2,076	2,076	4,174
Undocumented Student Relief Grants	0	5,000	0	0	0
Other Increases	0	500	2,447	2,447	5,352
WA College Grant Caseload Adjustment	-29,916	-29,916	0	0	-29,916
Higher Education Total	-29,916	-24,416	10,567	12,885	-6,203
Public Health					
Laboratory Capacity	0	354,000	0	0	0
Testing and Contact Tracing	0	641,000	0	0	0
Vaccine Administration	0	136,000	0	0	0
Public Health Total	0	1,131,000	0	0	0
Behavioral Health					
Community Behavioral Health Capacity	0	0	137,229	297,711	274,272
Forensic Behavioral Health	0	0	33,413	33,871	98,175
Trueblood Settlement	107	107	27,848	30,467	56,032
UW Behavioral Teaching Facility	0	0	0	0	55,727
Law Enforcement: Mental Health Field Response	0	0	8,000	8,000	16,000
Other Increases	0	0	7,870	10,359	15,477
Behavioral Health Provider Rate	0	0	6,500	17,509	14,250
Federal Stimulus Grants	0	74,000	0	0	0
Tribal Residential SUD Rates	0	6,957	0	15,733	0
Civil Ward Reductions	-3,562	-4,622	-99,379	-108,915	-280,223
Other Savings	-4,198	-11,333	-10,942	-10,978	-30,885
DSH Delay Adjustment	0	0	-51,389	0	-51,389
Federal Medicaid Match Changes	-43,960	0	-27,066	0	-71,026
Behavioral Health Total	-51,613	65,109	32,084	293,757	96,410

2021-23 Omnibus Operating Budget

SB 5451 (Senator L. Wilson)

Funds Subject to Outlook

(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Health Care					
Primary Care Provider Rate	0	0	39,081	109,459	85,679
Uninsured & Underinsured COVID Care	0	6,000	0	0	0
Medicaid Fraud Penalty Account	12,225	1,405	25,015	4,600	58,503
Health Homes - Tribal Affairs	0	0	-302	1,658	-617
PAL and PCL Funding Model	0	0	-3,708	2,892	-7,625
Medicaid Waiver	395	64,697	0	583,140	395
Other Increases	0	9,700	120	280	120
Maintain Hospital Safety Net	0	0	0	0	-292,000
DSH Delay	0	8,330	-69,617	109,945	-69,617
Low Income Health Care/I-502	-59,127	0	-71,444	0	-240,597
Other Savings	-2,370	-2,388	-5,190	-9,012	-9,181
Federal Medicaid Match Changes	-251,078	0	-128,173	0	-379,251
Health Care Total	-299,955	87,744	-214,218	802,962	-854,190
Long Term Care & DD					
Shared Benefit Rule	5,087	11,562	122,955	279,445	287,087
Provider Rates and Incentives	93,438	233,362	0	0	93,438
Dan Thompson DD Community Trust	0	0	50,000	100,000	50,000
Nursing Home Rate Methodology	0	0	11,460	22,920	25,422
In-Home Care Provider Agreement	0	0	39,738	90,312	107,449
Agency Provider Agreement-Parity	0	0	10,372	23,571	27,986
Adult Family Home Award/Agreement	0	0	11,413	24,200	24,900
In-Home Provider PPE	0	0	20,389	40,175	20,389
Transitional Care Center of Seattle	9,304	17,798	0	0	9,304
High School Transition Students	0	0	4,363	7,875	13,172
DD Waitlist	0	0	3,077	5,904	7,051
Home Delivered Meals	0	0	2,242	2,242	4,597
Developmental Disability Services	0	0	750	900	1,530
Other Increases	2,000	3,963	4,950	9,049	12,735
Nursing Levels of Care to Community Settings	0	0	-9,360	-22,508	-21,366
Other Savings	-683	-1,735	-2,630	-3,730	-3,313
Federal Medicaid Match Changes	-231,831	0	-122,311	0	-354,142
Long Term Care & DD Total	-122,685	264,950	147,408	580,355	306,238
Children, Youth, & Families					
Child Care Grants and Provider Rates	0	50,000	24,161	112,063	88,591
Child Care CBA (Family Child Care Providers)	0	0	6,390	6,390	17,202
WCCC Copayment Structure	0	0	12,497	58,171	12,497
ECEAP Rate Increase	0	0	9,675	9,675	29,025
ECEAP Expansion	0	0	9,605	9,605	28,815
Child Protective Services Staffing	9,259	10,251	0	0	9,259
Other Increases	77	5,585	1,817	8,929	1,896
Federal Stimulus Grants	0	1,746	0	874	0
Virtual Early Achievers Platform	0	0	-5,140	-5,140	-10,280
ECEAP Entitlement Delay	0	0	-41,466	-41,466	-173,031
Fund Source Change	0	0	-38,041	0	-56,669
Other Savings	-23,678	-27,933	-8,327	-9,827	-37,769
Federal Medicaid Match Changes	-11,346	0	-5,674	0	-17,020
Children, Youth, & Families Total	-25,688	39,649	-34,503	149,274	-107,484

2021-23 Omnibus Operating Budget

SB 5451 (Senator L. Wilson)

Funds Subject to Outlook

(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
<i>Housing & Homelessness</i>					
Rental Assistance	0	355,000	0	0	0
Shelter Capacity	0	0	0	35,000	0
Housing Supports	0	10,000	0	0	0
Homeless Encampment Hazardous Waste Clean Up	0	0	0	10,000	0
<i>Housing & Homelessness Total</i>	0	365,000	0	45,000	0
<i>Corrections and Other Criminal Justice</i>					
Contraband Management (Body Scanners)	0	0	18,228	18,228	34,585
Hepatitis C Treatment	0	0	6,030	6,030	12,199
Custody Staff	12,163	12,163	0	0	12,163
Other Increases	3,700	3,268	2,816	2,816	7,782
Basic Law Enforcement Academy	0	0	3,017	4,023	6,043
Impaired Driving	0	0	1,719	1,719	5,695
Other Savings	-3,381	-3,381	-3,722	-3,722	-10,911
Tolling	0	0	-4,945	-4,945	-17,490
Delay Maple Lane Expansion	0	0	-23,154	-23,154	-46,842
<i>Corrections and Other Criminal Justice Total</i>	12,482	12,050	-11	995	3,223
<i>Other Human Services</i>					
Food Assistance	0	32,521	0	715	0
Veterans Assistance	0	0	11,326	11,326	22,652
Disaster Cash Assistance	0	12,000	0	0	0
Domestic Violence Perpetrator Monitoring	0	0	3,784	3,784	7,568
Domestic Violence Victims Benefits	0	0	5,000	5,000	5,000
Other Increases	28	535	270	21,324	498
Workers Comp Systems Modernization	0	-63,970	0	44,024	0
WorkFirst Services Underspend	-16,740	-16,740	0	0	-16,740
TANF Fund Source	-15,207	0	-17,413	0	-32,620
Other Savings	-9,525	-14,548	-4,167	-4,167	-15,599
Administrative Underspending & Savings	-9,043	-13,094	-14,370	-22,681	-23,413
<i>Other Human Services Total</i>	-50,487	-63,296	-15,570	59,325	-52,654
<i>Natural Resources</i>					
Forest Health Funding	0	0	62,500	62,500	125,000
Wildfire & Related Items	44,022	64,368	0	0	44,022
Food Supply Chain	0	0	2,000	2,000	2,000
Other Increases	212	459	9,711	15,365	17,957
Fund Source Change	-750	-650	-687	13,330	-2,113
Other Savings	-7,046	-6,543	-2,889	-2,784	-10,809
<i>Natural Resources Total</i>	36,438	57,634	70,635	90,411	176,057

2021-23 Omnibus Operating Budget

SB 5451 (Senator L. Wilson)

Funds Subject to Outlook

(Dollars in Thousands)

	2021 Supp		2021-23		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
All Other Policy Changes					
Business Assistance Grants	0	333,000	0	0	0
Financial Relief for Working Families	0	0	100,566	100,566	301,682
Broadband	0	0	15,000	226,000	25,000
COVID-19 Response	80,000	80,000	0	0	80,000
Debt Service on New Projects	0	0	38,262	38,262	339,159
Disaster Response Account	0	0	73,300	386,023	73,300
Self-Insurance Liability Premium	0	0	57,070	77,646	57,070
Cybersecurity Evaluation Audit	0	0	1,000	1,000	1,000
Other Increases	77	5,319	3,715	21,605	6,899
Judicial: IT & Related	0	0	0	23,122	0
Judicial: Other Increases	0	0	718	718	1,036
Central Services: OFM	0	0	-1,927	-3,389	-2,605
Central Services: All Other	0	0	-16,467	-33,202	-21,627
Pension Funding Stabilization Account	0	0	-7,100	0	-7,100
Other Savings	-11,068	-69,983	-11,785	-33,327	-28,849
Transfers	0	-97,481	0	0	0
LEOFF1 & TRS1 Pension Merger	0	0	-705,462	-705,462	-1,535,198
All Other Policy Changes Total	69,009	250,855	-453,110	99,562	-710,233
Grand Total	-515,394	3,144,994	-568,462	2,863,335	-1,368,110

NGF-O = GF-S + ELT + OpPath + Wkfrc Educ Invest

* Local education agencies must fully spend their ESSER 1 grants prior to receiving additional ESSER II allocations and because timing of school reopening will vary, OSPI is provided full spending authority for ESSER II grants in both the FY 2021 supplemental budget and the 2021-23 biennial budget to address these uncertainties. Providing maximum appropriation authority in both budgets ensures that OSPI has spending authority for subgrants to local educational agencies as they reopen. Spending oversight is maintained by directing OFM to reduce OSPI's 2021-23 allotment of this appropriation by the amount subgranted to local