



# Senate Majority Coalition Budget Summary

March 27, 2017

Prepared by WSAC Staff

## Overview

The Senate released its proposed 2017-19 state budget along with its plan to fund K-12 education to satisfy the Supreme Court's McCleary mandate. The proposed budget for the 2017-19 biennium spends a total of \$43.0 billion, which represents approximately a \$5 billion increase from current spending levels.

The Senate was able to release a no new revenue budget, based in part by its reliance on the most recent revenue forecast that predicts nearly \$3 billion more in unexpected revenue growth for the next budget cycle and the creation of a new local effort school levy. The new local effort levy is the center piece of the proposal and brings current local voter approved excess operations and maintenance school levies under the state's authority. The budget assumes \$1.5 billion in new revenue from the new local effort property tax levy, which is exempted from the 1% limit factor (SB 5048 Sec. 2(2)(b)).

The Senate budget also assumes a variety of fund transfers, legislation increasing resources, and legislation decreasing state resources. Many of these assumptions are of concern to WSAC and discussed in detail by issue area below.

## Significant Concerns

**LEOFF Plan 2 Contribution Rates:** The budget withdraws the state's contribution to Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2, resulting in an \$8.8 million unfunded mandate for counties. Counties are mandated by the state to provide LEOFF Plan 2 benefits for their sheriff deputies and corrections officers. The county legislative authority is not authorized to set the contribution rates or benefit levels – these are mandated by the State LEOFF Plan 2 Board. If the state is going to withdraw its contribution for this mandated program, LEOFF Plan 2 should be made optional for counties.

**Truancy Petition Reimbursement:** The budget cuts \$14.6 million from county courts for truancy, at-risk youth, and children in need of service petition costs. The rationale is that the funding is "made up" by new revenue distributions in section 801. Even at current funding levels, the State does not cover the full cost of this program. The only major "new" revenue in section 801 is the \$18 million additional marijuana revenue for counties and cities, at least 50% of which goes to cities. This is a cut to counties that is proposed to be backfilled with revenue that is split between cities and counties. This is a \$6 million cut to counties, again, creating a new unfunded mandate.

## Overview

**Shift of Costs to County Jails:** The budget assumes savings from implementation of SB 5904. These savings are derived from shifting costs from state prisons to county jails, or eliminating programs at the county level. We do not know the fiscal impact to counties, but it will be significant.

- **Mandatory 1st Time Offender Waiver:** Provides that if an offender has not previously been convicted of a felony, and is not currently being sentenced for a violent or sex related offense, the court must waive the imposition of a sentence within the standard range and impose a sentence of less than 90 days in a local jail, rather than a DOC facility. Therefore counties will be responsible for the costs associated with these offenders. (\$3.7 million General Fund-State savings)
- **Possession to Unranked Felony:** Reduces prison time on simple possession of a controlled substance for offenders with more than six prior felony convictions by modifying the seriousness level of the crime, making it an unranked felony, so that it carries a lesser sentence of up to 12 months in jail. Therefore counties will be responsible for the costs associated with these offenders. (\$6.08 million General Fund-State savings)
- **Elimination of Supervision of Jail Offenders:** Reduces Department of Corrections' (DOC) community supervision offender caseload by eliminating the supervision requirement for offenders sentenced to one year or less, except for sex or violent offenses. This population will no longer be supervised in our communities. (\$12.4 million General Fund-State savings)

**1% Limit Factor Exemption for K-12 Local Effort Levy:** The budget proposal assumes \$1.5 billion in new revenue from a new local effort property tax levy that is exempted from the 1% limit factor (SB 5048 Sec. 2(2)(b)). The Senate has accepted the reality that the 1% limit is an unworkable limit on property tax growth, and rather than replacing the existing cap with a new cap (as WSAC is proposing), the Senate proposal completely eliminates the cap. This policy should be applied consistently to public safety funding sources, such as the county general property tax levy.

**Lack of Additional Funding for Indigent Defense:** The United States Supreme Court requires the State of Washington to provide counsel for indigent defendants. The State has passed 96% of the trial court cost to counties. WSAC is disappointed that the Senate chose not to begin the process of providing additional funding for this State mandate.

## Land Use, Natural Resources & Environment

### GMA Funding

Provides no funding for the Department of Commerce (Commerce) grants to counties for updates to their comprehensive plans required by the Growth Management Act (GMA). (\$0 General Fund-State)

### Buildable Lands Reports

Provides no funding for the new buildable lands requirements. While the 2SSB 5254 provides that the additional requirements lapse if no funding is provided, this could easily turn into an unfunded mandate if the bill and budget aren't matched up. (\$0 General Fund-State)

### Local Government Fiscal Note Program

Eliminates the Department of Commerce's local government fiscal note program. This program was created to help the Legislature make informed decisions about the impact legislation will have on the state's political subdivisions (unfunded mandates). Local government fiscal notes are very important not just to counties, but also, the cities and special purpose districts. (\$643,000 General Fund-State savings)

### Ruckelshaus Review of GMA

Provides funding for a review of GMA that is charged to "prepare a roadmap for Washington's future that recommends improvements to the state's growth planning framework and identifies areas of agreement for reforms needed to maintain and improve Washington's economic, environment and human health. The roadmap must include a comprehensive review of the Growth Management Act (GMA), the State Environmental Policy Act, and the Shoreline Management Act." (\$600,000 General Fund-State)

### Shoreline and Stormwater Grants

Reduces grants to local jurisdictions in an amount that eliminates funding for these programs. (\$2.9 million ELSA Fund-State savings)

### Waste Reduction, Recycling and Litter Control Account

Reduces WRRLCA, which is funding shared by counties and cities for litter control programs. AND shifts \$10 million to State Parks for a total cut of \$15.5 million (-\$15,500,000 WRRLCA-State Fund savings)

### PILT Funding

Increases Department of Fish and Wildlife payment in lieu of taxes (PILT) payments provided to counties for 2018 and 2019. This is an increase of a little over a million a year, more than double the last several years' payments. (\$3.2 million General Fund-State)

## Human Services

### Western State Hospital Civil Wards

Closes one civil admission ward and one geriatric ward at Western State Hospital effective January 1, 2019, reducing the number of beds available by 60. (\$3.4 million General Fund-State savings)

### Private Behavioral Health Community Hospital Beds

Provides funds for the reduction of non-forensic beds in the state hospitals (60) and the transfer of those beds into private settings in the community. Funding for 48 long-term commitment beds is provided, beginning January 1, 2019. (\$5.6 million General Fund-State; \$10.5 million total)

### Case-Managed Housing

Increases capacity for case-managed housing. One hundred low and no-barrier beds are funded for people with criminal histories, substance use disorders, and or mental illness. (\$0 General Fund-State; \$1.4 million total)

### Permanent Supportive Housing

Provides funding for 160 permanent supportive housing beds for individuals with a history of mental illness. (\$0 General Fund-State; \$2.5 million total)

### Crisis Walk-In Centers

Provides funding for six new crisis walk-in/stabilization centers in specified regions with the flexibility to allow individuals in mental health crisis to stay up to 23 hours under observation or two to three days. (\$6.9 million General Fund-State; \$10.9 million total)

### Inpatient Psychiatric Increase

Increases psychiatric inpatient rates for care at community hospitals by 7.5% of total expenditures for the 17-19 biennium. Directs DSHS and HCA to adjust rates paid to hospitals to meet this target. (\$3.7 million General Fund-State; \$10.5 million total)

### Clubhouses

Provides funding for the creation of a statewide clubhouse program through Behavioral Health Organizations. Requires DSHS to obtain an amendment to the 1915(b) waiver to allow the services to be part of the Medicaid services package. (\$1.5 million General Fund-State; \$3.0 million total)

### Substance Use Disorder Treatment & Peer Support

Directs that substance use disorder and mental health treatment will be integrated at the state psychiatric hospitals and adds six chemical dependency professionals and 15 peer support specialists to support this integration. (\$774,000 General Fund-State)

### SBC Underspend

Reduces funding in current Behavioral Health Organization rates for bed increases due to single bed certifications. (\$9.7 million General Fund-State savings; \$14.9 million total savings)

## Housing

### Ending Homelessness (SB 5864)

Provides funding to support SSB 5864 to expand the homeless management information system and oversee new rules for service providers and local governments. (\$3.2 million General Fund-State; \$4.8 million total, includes Commerce, DSHS, and State Auditor)

### Housing & Essential Needs

Eliminates funding for HEN program which provides housing-related assistance to individuals who are incapacitated and unable to work. Creates a new Family Homelessness Assistance program to serve families who were previously served by HEN. (\$49.8 million General Fund-State savings)

### Family Homelessness Assistance

Provides funding for homelessness assistance for persons who are incapacitated from gainful employment and have dependent children in their household. Serves families who were previously served by HEN. (\$7.5 million General Fund-State)

### Young Adult Shelters

Eliminates funding for Young Adult Shelter beds. (\$420,000 General Fund-State savings; \$840,000 total)

### Homeless Student Stability Program

Eliminates funding for the Homeless Student Stability Program which is aimed at serving housing and other needs of homeless students and their families. (\$2.0 million total savings)

### Temporary Assistance for Needy Families

Reduces the number of individuals DSHS will exempt from work participation activities and from time limit extensions. Requires applicants to search for a job before the application process in order to be eligible for cash benefits, rather than requiring them to attend an orientation program. Removes funding that provided transportation services to WorkFirst clients to help them resolve outstanding traffic-related warrants, traffic tickets, fine, and penalties. Makes other TANF related fund transfers. (\$32.7 million General Fund-State savings)

### Stops Medicaid Innovation Demonstration

Prohibits the Health Care Authority from moving forward with the Medicaid Innovation Demonstration, potentially risking \$1.5 billion in federal funds over five years that would fund programs serving extremely vulnerable, disabled, and low-income households, as well as those experiencing long-term homelessness with a physical or mental health disability.

### Sunsets the Aged, Blind, and Disabled Program

Adds a time limit to the ABD program which eliminates income supports for the extremely low-income and disabled population it serves.

## Public Health

### Foundational Public Health Services

Provides no funding for foundational public health services. (\$0 General Fund-State)

### The County Public Health Assistance Account

Maintains funding at the 2015-2017 budget level with a provision that any county that establishes safe injection sites will not receive funding from the PHAA. (\$72.8 million General Fund- State)

### Tobacco and Vapor Product Prevention Distributions

Sustains funding at previous levels. The Liquor and Cannabis Board received modest funding to implement and enforce new vapor product licensing, packaging and sales regulations. (\$163,000 General Fund- State)

### Lead Exposure

Allocates funding to sample and test drinking water and water fixtures in public schools across the state in the 2017-19 biennium. The Department of Health (DOH), in collaboration with school districts, is required to prioritize elementary schools where drinking water and water fixtures have never tested, and elementary schools where drinking water and water fixtures have not been tested within the past three years. (\$2.4 million General Fund- State)

### Opioid Misuse

Provides funding pursuant to Senate Bill 5248, for the analytical work and increased reporting associated with an expansion of organizations eligible to receive information from the Prescription Monitoring Program. Funding is also provided for one-time rulemaking regarding the management of acute pain that has been caused by an injury or a surgical procedure. (\$2.4 million General Fund- State, General Fund- Federal, Health Profession Account- State)

### Hepatitis C

Provides no additional funding for the DOH's request for surveillance funding. However, Hepatitis C treatment was expanded to Medicaid clients with less severe liver disease whose coverage has been mandated by court order. (\$49.8 million General Fund- State, General Fund- Medicaid)

### Model Toxics Control Account

Budget items related to the (Community Prevention Grants and Site Hazard Assessments) will be unveiled in the Senate's Capital Budget proposal.

### Other

Several priority bills/issues were not addressed in this proposal: raising the smoking/vaping age to 21 years, taxing vapor products and secure medicine return. Coincidentally, none of the policy bills associated with these proposals advanced in the Senate.

## Public Safety

### Truancy Petition Reimbursement

Cuts allocation to county courts for truancy, at-risk youth, and children in need of service petition costs. (\$14.6 million General Fund-State savings)

### Elimination of Supervision of Jail Offenders

Reduces Department of Corrections' (DOC) community supervision offender caseload by eliminating the supervision requirement for offenders sentenced to one year or less, except for sex or violent offenses. This population will no longer be supervised in our communities. (\$12.4 million General Fund-State savings)

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### Mandatory 1st Time Offender Waiver

Provides that if an offender has not previously been convicted of a felony, and is not currently being sentenced for a violent or sex related offense, the court must waive the imposition of a sentence within the standard range and impose a sentence of less than 90 days in a local jail, rather than a DOC facility. Therefore counties will be responsible for the costs associated with these offenders. (\$3.7 million General Fund-State savings)

### Costs of Trial Court Indigent Defense

Provides no additional funds for trial court public defense costs. (\$0 General Fund-State)

### Criminal Justice Treatment Account

Transfers money remaining in the account to the state General Fund. This money is used for substance abuse treatment and support, drug and alcohol treatment services and drug court administration. (\$8.9 million General Fund-State savings)

## Transportation

### Overall Budget

Includes an \$8.7 billion spending plan for the 2017-19 biennium. The plan includes an increase of \$166 million over the February, 2016 forecast. The bulk of the proposed budget goes to projects approved with the adoption of the Connecting Washington Program in 2015. The budget makes individual project adjustments based on WSDOT's 16-year project plan. (\$500,000 million increased distribution to counties based on new forecast)

### Additional Funding for Counties

Provides \$9.7 million for 2017-19 (\$4.8 million per year) along with \$12.5 million in direct distributions to counties that was adopted under the Connecting Washington Act in 2015. These funds replace \$5 million per year of Highway Safety Funds programmed through the 2015-17 biennium. (\$4.8 million to CRAB, \$12.5 million direct distribution to counties, net increase of \$5.4 million per year over 2015-17 biennium)

### Other important Allocations

Provides funding from Connecting Washington to

- Transportation Improvement Board (\$9.7 million for 2017-18)
- Complete streets grants (\$14.7 million)
- Regional mobility grants (\$27.7 million)
- Rural mobility grants (\$15.2 million)
- Vanpool and transit coordination grants (\$6.3 million)
- Freight mobility grants (\$17 million)

### Federal Freight Funds

Appropriates \$43.8 million in new federal freight funds for projects identified and prioritized by the Washington State Freight Advisory Committee. The budget requires the projects to be validated by the Washington State Department of Transportation working with the freight advisory committee.

### Ferry Funding

No funding provided for a new 144-car ferry. Funding is provided for the new Mukilteo ferry terminal and a new Seattle ferry terminal.

### Fish Barrier Removal Projects

Adds \$145 million to existing funding for department of transportation fish barrier removal projects over the 16-year plan bringing the total committed funding to \$720 million for state barriers. No funding is provided for local fish barriers.



## Contact

### **Josh Weiss**

Director, Policy & Legislative Relations  
(360) 489-3015  
jweiss@wsac.org

### **Laura Berg**

Policy Director  
(360) 489-3024  
lberg@wsac.org

### **Brynn Brady**

Policy Consultant  
(253) 686-3387  
brynn@ceibaconsulting.com

### **Juliana Roe**

Policy Director  
(360) 489-3012  
jroe@wsac.org

### **Gary Rowe**

Managing Director, Washington State  
Association of County Engineers (WSACE)  
(360) 489-3014  
growe@wsac.org

### **Axel Swanson**

Research Director  
(360) 489-3021  
aswanson@wsac.org

### **Jennifer Ziegler**

Policy Consultant  
(360) 790-6089  
jennifer@zieglergov.com