

# 2018 Session State Budget Summaries

## House & Senate Budget: Summary Analysis

February 27, 2018 | Prepared by WSAC Staff

### Introduction

The House and Senate released supplemental operating and capital budget proposals within a day of each other. This document summarizes and compares both proposals as they impact the administration of county government.

## Overview

### Revenues

State revenues have grown 15% in the last two years, giving the legislature another \$1.2 billion to work with in preparing a supplemental budget, a total of \$44.9 billion for the current biennium.

### Expenditure Levels

The House and Senate differ on how much to spend: the Senate proposal spends \$44.6 billion this biennium, while the House spends almost a billion less.

### Fund Balances

The Senate transfers \$1 billion from the Budget Stabilization Account or “rainy day,” account to the General Fund, but still leaves \$2.3 billion in total reserves. The House also transfers about a billion from the rainy day account, but leaves \$2.9 billion in total reserves.

### Significant Policy Changes

Both the House and Senate provide for a reduction in state property taxes. The Senate spends \$403 million for a one-time \$0.31/\$1000 state property tax reduction in calendar year 2019. The House in turn, reduces 2019 taxes by \$0.33/\$1000 and 2020 taxes by \$0.40/\$1000. Both budgets pay for these reductions by transferring money from the “rainy day” account, \$403 million for the Senate, and \$996 for the House. Further, the House permanently provides an ongoing property tax reduction beginning in 2021 by enacting a capital gains tax through HB 2967.

The Senate spends an additional \$1.2 billion on new policies, including complying with the Supreme Court’s November order in the McCleary case as well as past court penalties. The Senate Budget also includes \$160 million in mental health, developmental disabilities and long-term care programs. An additional \$22 million is spent on fire related costs.

As noted above, the House spends much less than the Senate. This is largely because, while the House budget allocates resources for past court penalties in the McCleary case, it does not pay the amount required by the Supreme Court in its November order. It is widely disputed whether the Supreme Court has the authority to require this payment.

Both budgets are largely devoid of cuts, including reductions to local government shared revenues.



Washington State  
Association of Counties  
*The Voice of Washington Counties*

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## Miscellaneous Changes

### County Revenue Study:

Department of Commerce is provided resources to prepare a report comparing revenue capacity with the constitutional and statutory obligations.

Senate	House
\$0	\$150,000

### Marijuana Revenue Sharing:

Current law provides \$6 million/year in the current biennium for cities and counties. The House increases this amount to \$15 million/year.

Senate	House
\$8 million	\$8 million

### Local Public Safety Enhancement Account:

Current law requires the transfer of \$50 million to the LPSEA which can be used for pension enhancements in the LEOFF 2 system. The Legislature continues to not provide these resources.

Senate	House
\$50 million savings	\$50 million savings

### Automatic Voter Registration:

HB 2595 and SB 6353 provide for automatic voter registration for certain state license applicants. Funding is provided for the Secretary of State to implement the bill.

Senate	House
\$102,000	\$102,000

### Ballot Paid Postage Study:

Provides a study of the cost to the state and any impact to voter turnout for reimbursing counties for the cost of return postage on ballots for all elections.

Senate	House
\$0	\$100,000

### Governor's Rural Broadband Office:

Creates an office to provide grants to local governments and tribes to build and deploy broadband infrastructure. Senate funding is tied to SB 5935.

Senate	House
\$310,000	\$387,000

### PERS and TERS Plan 1 Cost of Living Adjustment:

The House and Senate differ significantly in their approach, consistent with the policy bills each chamber has moved forward. However, both budgets include resources for the state to provide a COLA to PERS and TERS Plan 1 members.

Senate	House
\$10.7 million	\$9.2 million

## Miscellaneous Changes continued

### Wrongful Death Legislation:

The Senate acknowledges that SB 6015 will increase state agency costs, and provides resources to offset the impact.

Senate	House
\$1.86 million	N/A

### Occupational Disease Presumption:

The Senate also acknowledges the impact that SB 6213 will have on increased workers compensation claims for state agencies, and provides resources to state agencies to offset the impact.

Senate	House
\$2.4 million	N/A

### State Bank:

The Department of Commerce is provided resources to convene a work-group of state agencies charged with preparing a proposal for a publicly owned financial institution capable of providing funding for infrastructure development and local government assistance. Local governments are not represented on the work-group.

Senate	House
\$556,000	\$0

## Land Use, Natural Resources & Environment

### Implementation of SB 6091 – *Hirst*:

Resources are provided to three state agencies for implementation of watershed restoration and enhancement projects for the Watershed Resource Inventory Areas impacted by the *Hirst* decision.

Senate	House
\$3.897 Million for Dept of Ecology	\$3.897 for Dept of Ecology
\$580,000 for the Dept of Fish & Wildlife	\$580,000 for Dept of Fish & Wildlife
\$20,000 for the Dept of Agriculture	\$20,000 for the Dept of Agriculture

### Water Resources Enforcement:

Provided for the Department of Ecology to address unpermitted water use in priority watersheds with technical assistance, formal and informal actions.

Senate	House
\$0	\$625,000

### Wildland Urban Interface:

Provides the Department of Natural Resources finances to implement SB 6109 and assist the State Building Code Council and counties map and implement portions of this fire code into local regulations.

Senate	House
\$160,000	\$0

## Land Use, Natural Resources & Environment continued

### Lands:

SB 6140 directs the Department of Natural Resources to evaluate their lands portfolio, revenue streams and management practices. A report must be developed with options and recommendations designed to ensure the state's fiduciary duty is being met to the trust beneficiaries that are the counties and junior taxing districts within those forest lands.

Senate	House
\$251,000	\$0

### Marbled Murrelet Impact Study:

Resources are provided to the Department of Natural Resources to implement HB 2285 to study the impact on counties from the Marbled Murrelet long term conservation strategy.

Senate	House
\$0	\$100,000

### Buildable Lands:

Counties are provided resources through the Department of Commerce to expand their buildable lands reports for their next phase as they prepare to implement the new requirements of the report. Those counties are King, Pierce, Snohomish, Thurston, Kitsap, and Clark and newly added to the requirements is Whatcom County. The request was for \$1.55 million dollars.

Senate	House
\$0	\$1.276 million

### Stormwater Financial Assistance:

The capital budget provides resources for the Department of Ecology to pass through resources to improve stormwater programs and to assist in implementation. Dollars are split evenly between financial assistance and improvements.

Senate	House
\$40 million	\$36.4 million

### Forest Fire Response:

Funding is provided for the Department of Fish and Wildlife to restore lands damaged by fires of 2017 and the Department of Natural Resources (DNR) is provided additional funding for fire suppression and increased response capability. DNR is also provided funding for the Wildland Fire Advisory Committee to analyze and make recommendations regarding lands not under a fire district protection.

Senate	House
\$613,000 Dept of Fish and Wildlife	\$500,000 Dept of Fish and Wildlife
\$38.8 million Dept of Natural Resources	\$55.9 million Dept. of Natural Resources

### Forest Health:

The Department of Fish and Wildlife is given spending authority and 3.3 FTE to conduct thinning operations to fund additional forest health projects. The Department of Natural Resources is given a level of permanent staff of 3.5 FTE to plan and manage forest health projects.

Senate	House
\$5.2 million Dept of Fish & Wildlife	Authority Only, Dept of Fish & Wildlife
\$0 Dept of Natural Resources	\$962,000 Dept of Natural Resources

## Land Use, Natural Resources & Environment continued

### Recycling and Post-consumer Materials:

The Department of Ecology is given additional staffing totaling 1.8 FTA to implement legislation regarding oversight of electronic products recycling and conduct a study of changes in the recycling industry, and develop a public outreach and education strategy.

Senate  
\$0

House  
\$383,000

### WDFW HPA Program Reduction:

The Authority for the Department of Fish and Wildlife to collect fees for Hydraulic Permit Applications expired June 30, 2017, and the program is reduced to match remaining revenues.

Senate  
\$659,000 reduction

House  
\$659,000 reduction

## Public Health

### Opioid Disorder Response:

Both budgets provide significant funding increases, though there are slight variations between major topics. Funding is provided for an expansion of existing hub and spoke models of treatment and care, naloxone distribution, tracking tools for MAT providers, safe disposal sites, continue youth alcohol, marijuana, and opioid prevention services, expand case management services for pregnant and parenting women with substance use disorders, and tribal specific strategies to reduce opioid use

Senate  
\$10.1 million

House  
\$5.9 million

### MAT Rate Increase:

Funding is provided for targeted programs to address opioid use across the state by increasing treatment and prevention. Funding is provided to increase rates for medication-assisted treatment to encourage more providers to treat patients with opioid use disorder.

Senate  
\$1.2 million

House  
\$1.2 million

### Naloxone Toolkits for Department of Corrections:

Funding is supplied to the DOC community, reentry, prisons, and health services divisions and for MAT offenders with opioid use disorder released from prison.

Senate  
\$0

House  
\$211,000

### Data Tracking:

Specific investments within Department of Health include increased access to the Prescription Monitoring Program, and a requirement that all prescribers and pharmacists check the prescription monitoring program prior to prescribing or dispensing a controlled substance. Other data system improvements will allow for increased coordination among medical professionals, service providers and DOH. Funding support for school and community-based services, providing patient data to the

## Public Health continued

Emergency Medical Data System.

Senate  
\$1 million

House  
\$1.8 million

### Group B Water System:

Resources are provided to maintain funding for existing local Group B Water programs and provide financial incentive for additional participation from local health jurisdictions

Senate  
\$0

House  
\$0

### Home Visiting:

Increases existing program to serve 275 more families by providing visits in the home to educate about prenatal care, infant care, child development, and parenting.

Senate  
\$2.3 million

House  
\$2.3 million

### Communicable Disease:

Funding is provided to King County for communicable disease control efforts in Hepatitis C, emerging diseases, zoonotic diseases, and outbreaks.

Senate  
\$3 million

House  
\$3 million

### Youth Suicide Prevention:

Funding is provided for youth suicide prevention activities in Benton and Franklin counties.

Senate  
\$200,000

House  
\$0

## Human Services

### Mental Health Field Response:

A grant funding program is created for Washington Association of Sheriff's and Police Chiefs to manage a local partnership between law enforcement and mental health providers to respond to a behavioral health crisis and reduce potential violent interactions with law enforcement.

Senate  
\$1 million

House  
\$1 million

### Assisted Outpatient Behavioral Health:

Assisted outpatient mental health treatment is expanded to include substance use disorder treatment and reduces eligibility requirements.

Senate  
\$1 million

House  
\$0

## Human Services continued

### Hub and Spoke Expansion:

Access to medication assisted treatment is expanded by developing four additional regional centers in its hub and spoke model.

Senate  
\$4.6 million

House  
\$4.6 million

### Naloxone Distribution:

A block grant is provided to increase the distribution of Naloxone kits statewide.

Senate  
\$864,000

House  
\$864,000

### Medicaid Assisted Treatment:

Funding is provided for Medicaid Assisted Treatment to be provided to offenders with opioid use disorder who are released from prison.

Senate  
\$90,000

House  
\$90,000

### Assisted Outpatient Behavioral Health:

Funding is provided to implement SSB 6491 which expands assisted outpatient treatment to substance use disorder treatment and reduces the eligibility requirements for participation. *(In its current form this bill is expensive for counties and would require some fixes for us to be OK with it.)*

Senate  
\$691,000

House  
\$0

### Affordable and Supportive Housing:

HB 2437 would allow counties to impose a local sales tax that would be fully credited against the state sales tax, leaving the local sales tax rate unchanged. Counties could use the proceeds to acquire, rehabilitate, or construct affordable housing; provide supportive housing, fund operation and maintenance of new units, or fund rental assistance. This causes a reduction in the State General Fund.

Senate  
\$0

House  
\$65.9 million reduction

## Public Safety

### Extraordinary Criminal Justice Costs:

Funding is provided to those counties that experienced extraordinary criminal justice costs (Thurston, Yakima, and Mason).

Senate  
\$824,000

House  
\$0

### Local Government Criminal Justice Grants:

The Senate provides funds to backfill the losses experienced due to the enactment of HB 1783 (legal financial obligations), but directs the funds to be used for indigent criminal defense costs. The House provides funds for to merely implement HB 1783, without any backfill.

Senate  
\$5 million

House  
\$602,000



## Public Safety continued

### Thurston County Court Impact:

Additional funding is provided for the statewide fiscal impact on Thurston county courts.

Senate	House
\$811,000	\$811,000

### Parents Representation Program:

Resources are provided to complete the expansion to Adams, Douglas, Island, Lewis, Lincoln, Okanogan, San Juan, Walla Walla, and the remainder of Pierce County.

Senate	House
\$5.7 million	\$5.7 million

### Basic Law Enforcement Academy:

The Senate provides funds for one additional BLEA class in FY19. The House provides funds for two additional BLEA classes in FY19.

Senate	House
\$374,000	\$748,000

### Narcan Costs:

Funding is provided to supply the community, reentry, prisons, and health services divisions with Narcan toolkits for emergent situations.

Senate	House
\$121,000	\$121,000

### Snohomish County Diversion:

Funding is provided for a pilot project in Snohomish County to administer a 40-bed residential criminal justice diversion center pilot program to reduce the use of crisis and emergency resources.

Senate	House
\$800,000	\$500,000

## Behavioral Health

### Enhancements in Services Provided by Behavioral Health Organizations:

Funding allocated to BHOs by population. Up to 20% may be used to increase non-Medicaid funding; at least 80% for Medicaid rate increases up to the top of the rate range. To receive funds, BHOs must submit a plan to address which includes long-term bed reductions through community alternatives; discharge compliance; staff recruitment and retention in community behavioral health facilities; diversion strategies; recovery-oriented services, including clubhouse expansion; preference in fund distribution between Medicaid rates and non-Medicaid funding. The plan may include not only these funds but all funds received from the state and must identify metrics for tracking progress in each identified area. Report due from Health Care Authority to the legislature by 6/30/2019.

Senate	House
\$38.2 million	\$70.2 million

## Behavioral Health continued

### BHO/ASO Crisis Service/Non-Medicaid Reserve

One-time funding is provided to create funding reserves for the entities contracted to provide crisis services in each region transitioning to fully integrated physical and behavioral health managed care service systems during fiscal year 2019. All BHO's must spend down or return all reserves, and may not use reserves to pay for services beyond the end of the BHO contract or for full integration startup. This funding achieves, for the most part, what WSAC and BHO's were pursuing this session as it relates to crisis system stabilization.

Senate  
\$14.5 million

House  
\$15 million

### Institution for Mental Disease (IMD) Waiver Backfill:

Funding is provided to account for inpatient stays in IMDs that are not eligible for Medicaid funds due to Federal regulations. Actuarial cost adjustments are included for chemical dependency treatment settings. This funding backfills the assumed loss of federal funding.

Senate  
\$15.4 million

House  
\$15.5 million

### Trueblood Fines:

Funding is provided for court penalties accumulated under Trueblood et al v. DSHS concerning the provision of inpatient forensic services within court-mandated timelines. The department is required to pay fines of up to \$1,000 per day for individuals not receiving competency evaluation or restoration services within fourteen days of a court order.

Senate  
\$46.4 million

House  
\$46.4 million

### Medicaid Transformation Waiver:

Amount reduced to align with projected expenditures for waiver initiatives 1 and 3, as approved by Center for Medicaid Services.

Senate  
\$22.3 million reduction

House  
\$22.3 million reduction

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