

Update: Operating Budget Senate Ways & Means Committee 2018 Committee Days

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WASHINGTON STATE



Ways & Means Committee

Resources* have increased since the 2018 Session... ...by roughly \$1.6 B (or a 1% increase)

	<u>2017-19</u>	<u>2019-21</u>	<u>2021-23</u>
1. <u>Starting Point</u> : Resources* available (<i>thru the Feb 2018 Forecast</i>)	\$45.6 B	\$48.7 B	-
2....add the June 2018 Forecast...	\$0.4 B	\$0.2 B	\$53.5 B
3....add the Sept 2018 Forecast...	\$0.1 B	\$0.5 B	\$0.4 B
4. <u>Ending Point</u> : Resources* available (<i>thru the Sept 2018 Forecast</i>)	\$46.1 B	\$49.4 B	\$53.9 B

6 Year Total
\$149.4 B

Takeaway #1
Resources are up since the 2018 Session...
by roughly \$1.6B (or a 1% increase).



Resources will likely be sufficient for Maintenance Level... ...but not for all Policy Level options.

	<u>6 Year Total</u> Expenditures*		<u>6 Year Total</u> Resources	
1. Agency Request (thru CFL)	\$140.9 B	<i>vs</i>	\$149.4 B	= <i>Okay</i>
2. Agency Request (thru ML)	\$147.2 B	<i>vs</i>	\$149.4 B	= <i>Still Okay</i>
3. Agency Request (thru PL)	\$153.6 B	<i>vs</i>	\$149.4 B	= \$4 B overspent

Keep in Mind

- ML can only be scrubbed so much
- Many PL items are unavoidable
- *Also...some big ticket items are not present*
 - ML: HCA forecast, K12 caseload, *and more*
 - PL: CBAs, SEB, Trueblood, *and more*

Takeaway #2
Resources will likely be sufficient for ML,
but not for all PL options.



Issues for consideration during the 2019 Session, with a relatively large fiscal impact, will likely include...

K12

- **School Employee Benefits (SEB)**
- Special Education

DSHS

- State hospital operations
- **Trueblood lawsuit**
- Residential Habilitation Centers

Low Income Healthcare

- Managed Care Dental
- Hospital safety net assessment

Natural Resources

- Model Toxics Control Act (MTCA)
- Conservation and land management

Higher Education

- Expansion of the State Need Grant
- Training for high demand professions

Other Human Services

- Homelessness
- Capacity in correctional facilities
- Expansion of ECEAP

Other

- **Emergency response to natural disasters**
- IT projects in multiple agencies
- Debt service
- Public health initiatives
- State veterans homes
- **Collective Bargaining Agreements**

Takeaway #3

Issues spanning multiple agencies, with large fiscal impacts, will be considered during the 2019 session.

OFM will determine the financial feasibility of 2019-21 CBAs... ...the Gov's budget may (or may not) recommend funding

<u>2019-21 CBAs</u>	<u>4 Year Total*</u>
1. Represented	\$1.3 B
2. Non-represented	<u>\$0.6 B</u>
3. TOTAL	\$1.9 B

Five Largest Contracts**

1. 40% = salary increase (3%/3%) for state employees
2. 18% = maintain 85%/15% split for healthcare benefit
3. 12% = wage/benefit increase for homecare workers
4. 6% = salary increase for certain DOC employees (4%/4%)
5. 6% = rate increase for child care providers
6. 18% = *all other contracts*

Takeaway #4

OFM will determine financial feasibility of the 2019-21 contracts. The Gov's budget may (or may not) recommend funding.

*Estimated Expenditures; Near General Fund-Outlook

**Items #1 and #2 include the impact for represented staff, non-represented staff, and higher education staff