

MARCH 2018

# 2018 SUPPLEMENTAL BUDGET UPDATE

**OFM**

OFFICE OF FINANCIAL MANAGEMENT



# 2018 SESSION

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## Budget Highlights

- Legislature adopted a full Capital Budget for the 2017-19 Biennium.
- Supplemental Operating Budget includes full funding for the McCleary Decision.
- Supplemental Transportation Budget makes adjustments to continue progress on transportation improvements.

# **SUPPLEMENTAL CAPITAL BUDGET**



# 2018 CAPITAL BUDGET

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## No new projects funded in 2017 Capital Budget

- 2017 Legislature adopted only a reappropriation budget to continue projects already underway from last biennium.
- Project delays and cost escalations in some cases.
- Agencies carried capital-funded staff with other funds to continue services and implement reappropriations.

# 2018 CAPITAL BUDGET

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## New appropriations capital budget approved in late January

- Agreement on Hirst bill enabled capital budget and bond bill to pass, including \$20 million per year in water funding
- Over \$1 billion in K-12 school construction
- \$26 million in early learning classrooms
- \$740 million in higher education projects
- Over \$100 million in Housing Trust Fund projects
- \$194 million in water infrastructure projects.
- \$90 million in Behavioral Health facilities

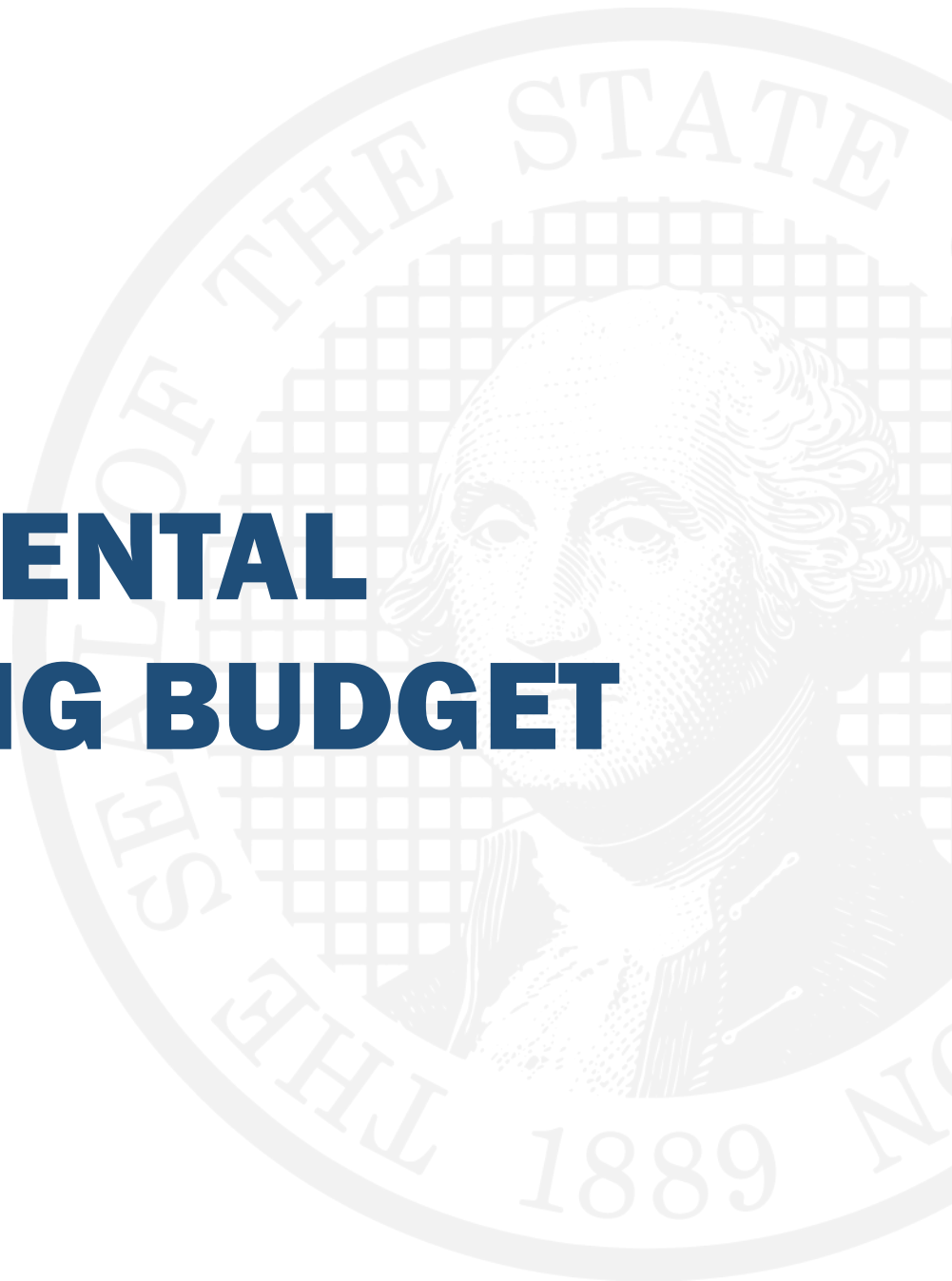
# 2018 CAPITAL BUDGET

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New appropriations capital budget approved in late January, continued:

- \$78 million in Clean Energy, energy efficiency and solar projects
- \$644 million in Infrastructure
  - Public Works Board construction
  - Drinking Water
  - Stormwater
  - Wastewater

# **SUPPLEMENTAL OPERATING BUDGET**



# 2018 OPERATING BUDGET

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## Highlights

- Meets the state's final basic education obligation under the McCleary lawsuit
- Continued funding increases for behavioral health
- Includes modest property tax relief
- Other responsive spending, especially for a supplemental budget
- \$2.4 billion in total reserves at the end of the biennium
- Strong economy enabling significant investments in schools and other services



# FULLY FUNDING McCLEARY OBLIGATIONS

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## COMPENSATION

\$2.07 BILLION

Full implementation,

**2018–19**

school year



## K-3 CLASS SIZE

\$1.14 BILLION

Full implementation,

**2017–18**

school year



## FULL-DAY KINDERGARTEN

\$270 MILLION

Full implementation,

**2016–17**

school year



## MATERIALS, SUPPLIES & OPERATING COSTS

\$1.17 BILLION

Full implementation,

**2015–16**

school year



## TRANSPORTATION

\$197 MILLION

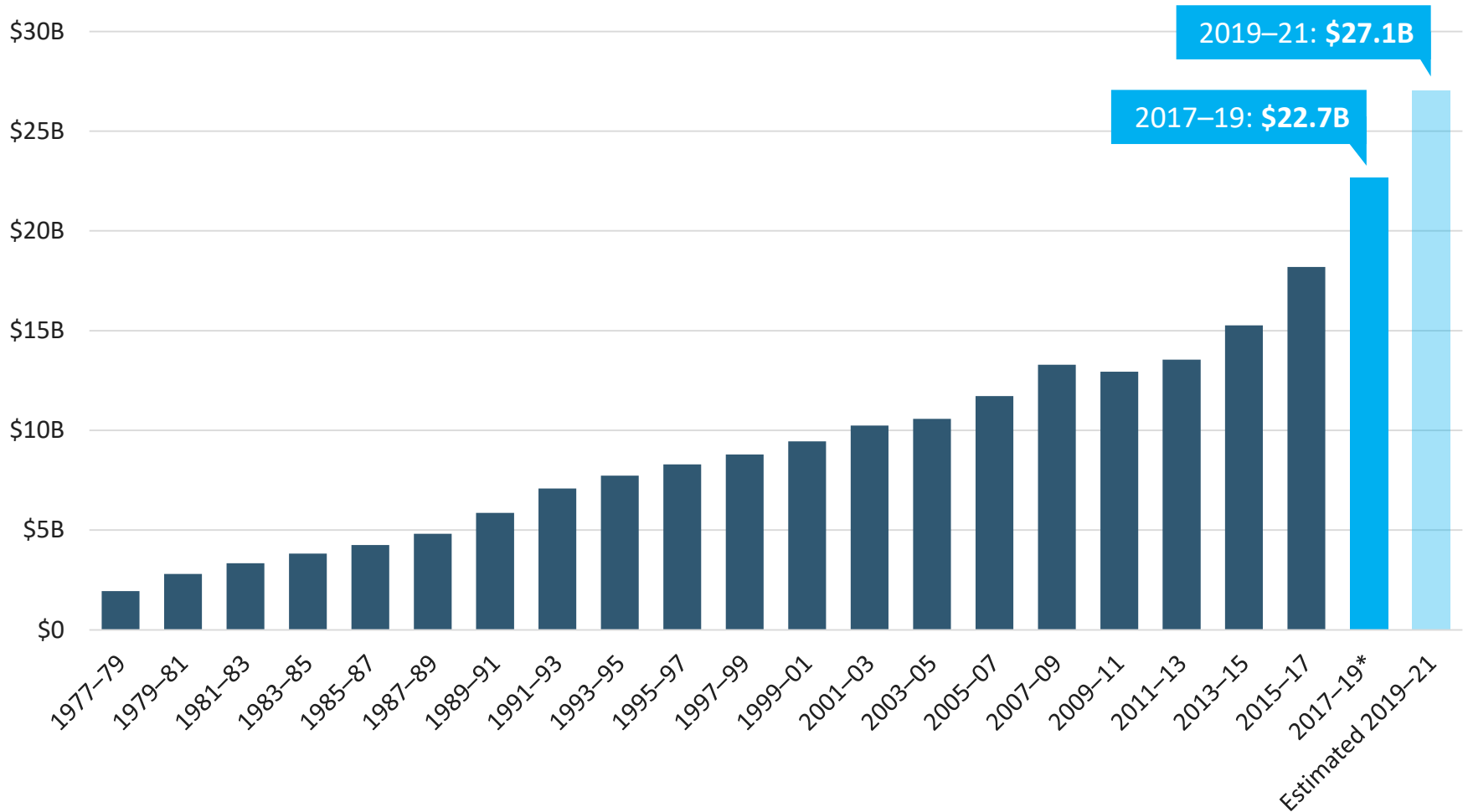
Full implementation,

**2014–15**

school year

# STATE SPENDING ON K-12 EDUCATION OVER THE PAST 40 YEARS

Near General Fund and Opportunity Pathways operating expenditures

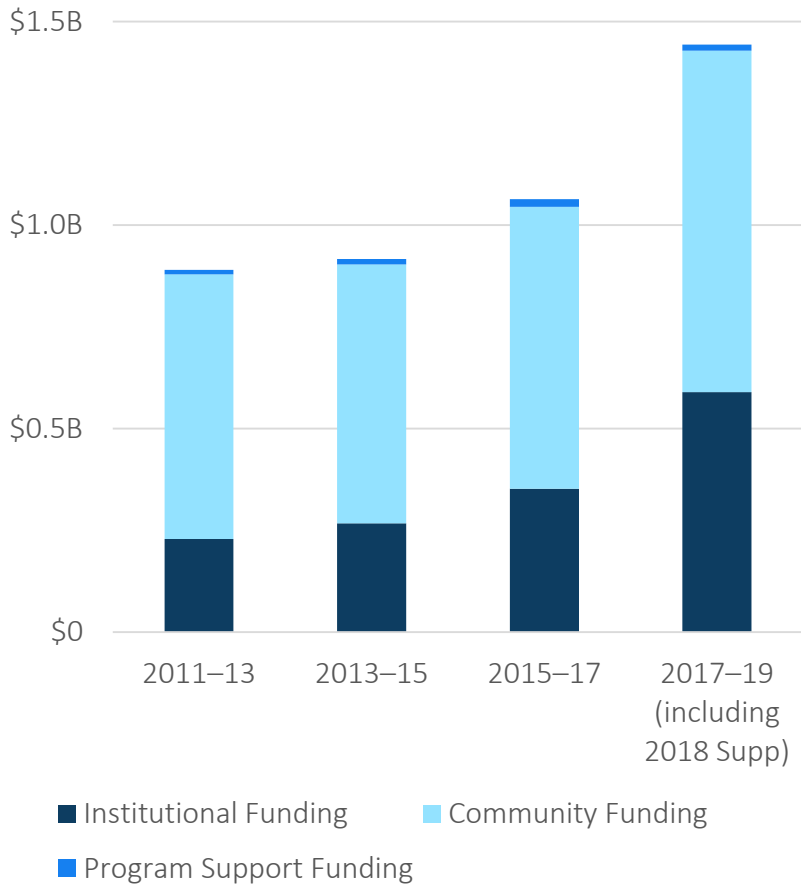


\* Including 2018 supplemental budget

Source: Office of Financial Management, March 2018

# BEHAVIORAL HEALTH FUNDING

Behavioral Health Funding  
State General Fund



Does not include transfer of community behavioral health from the Department of Social and Health Services to the Health Care Authority which passed the Legislature in the 2018 Session.

- Over \$500 million GF-S has been invested in behavioral health since the 2015-17 biennium.
- Investments have largely been aimed at rebuilding our behavioral health system and investing along the entire continuum of care – investing in diversion and crisis services in the community, providing quality care at the state hospitals, and providing step-down resources for individuals as they exit inpatient care.

# MENTAL & BEHAVIOURAL HEALTH FUNDING

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## Select investments since 2015-17

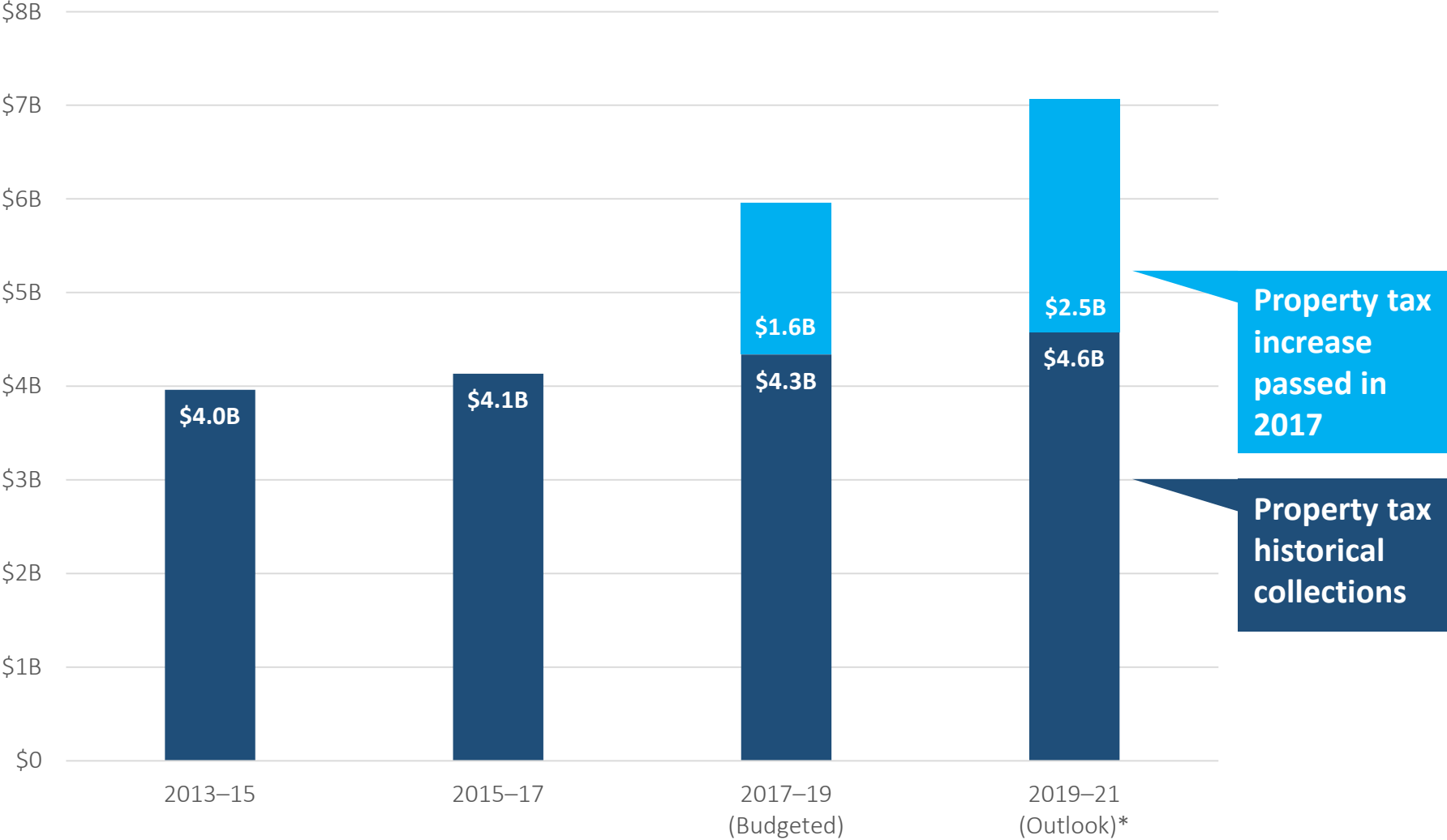
- About \$46 million in hospital capacity since 15-17
- About \$80 million in recruitment and retention investments for staff at the state hospitals
- Over \$130 million in federal compliance and court penalties
- About \$100 million in building community capacity
- Almost \$27 million in diversion and step-down services in the community

# OTHER FUNDING HIGHLIGHTS

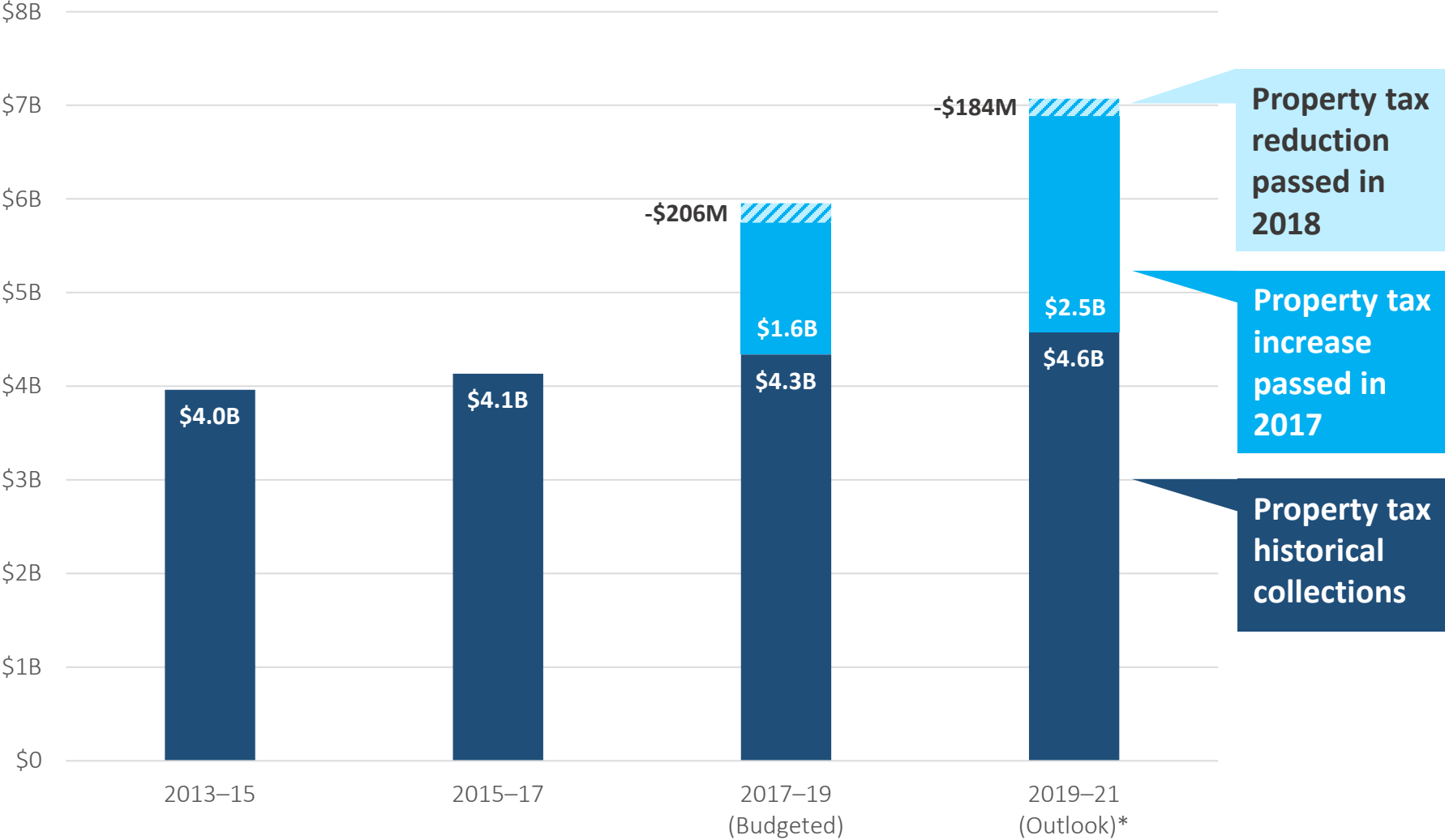
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- Filled-in budget holes in underlying budget to sustain important services—for current year only
- Financial Aid funding commitment to reduce State Need Grant waiting list over four years
- Opioid Response funding for DSHS, Health Care Authority, and the departments of Health and Commerce
- ORCA whale protection including action plan, vessel regulation enforcement and increased hatchery production
- Wildland Fire Fighting capability improvements
- Improved Earthquake and Tsunami hazard maps and facility inventories

# PROPERTY TAXES

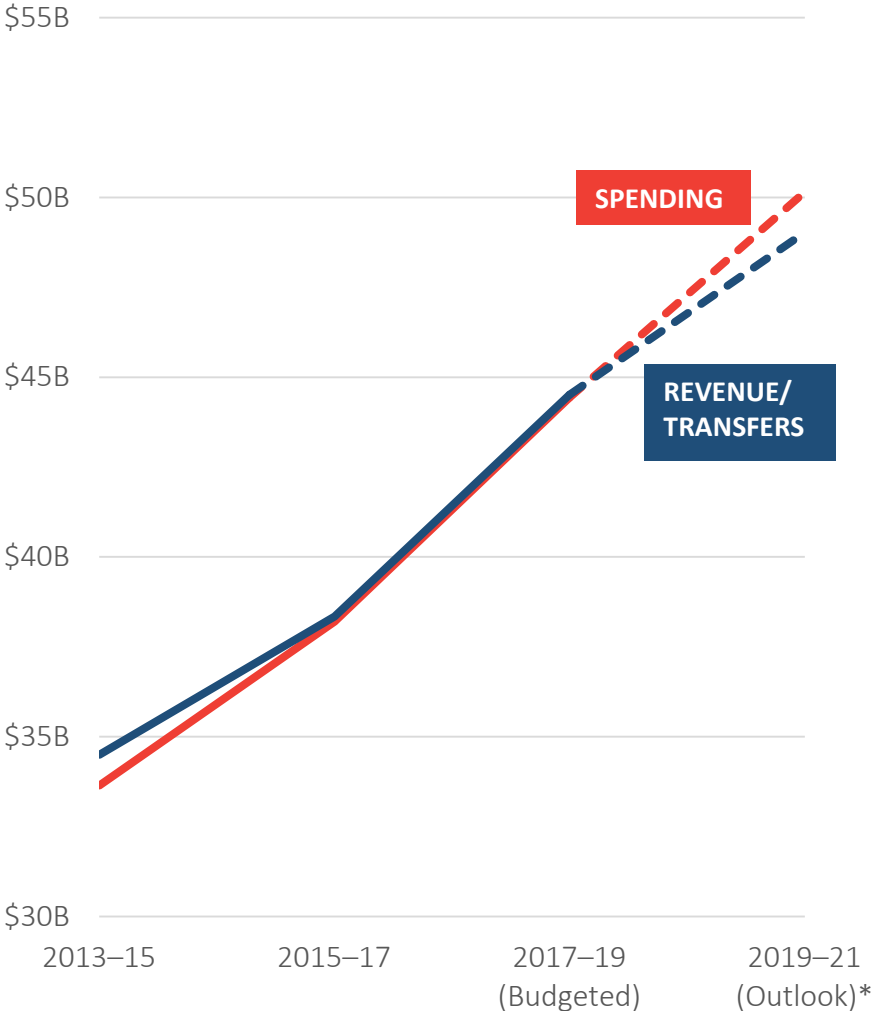


# PROPERTY TAXES



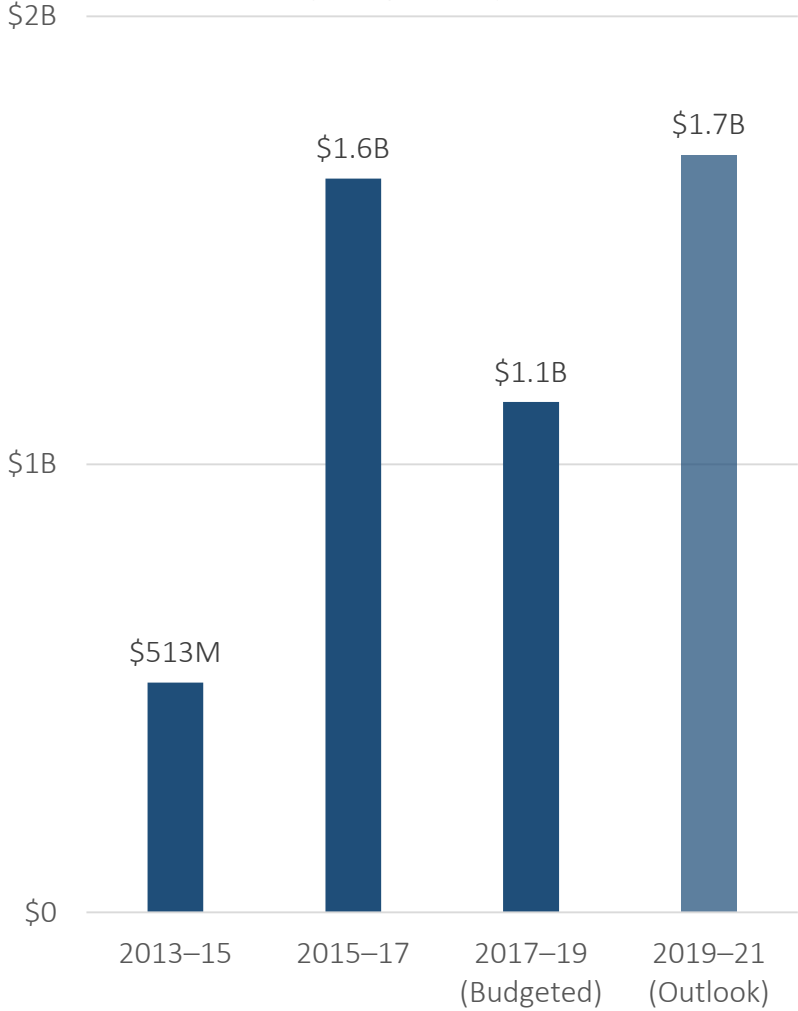
# REVENUES, SPENDING AND RESERVES

Revenue vs Spending



Budget Stabilization Account

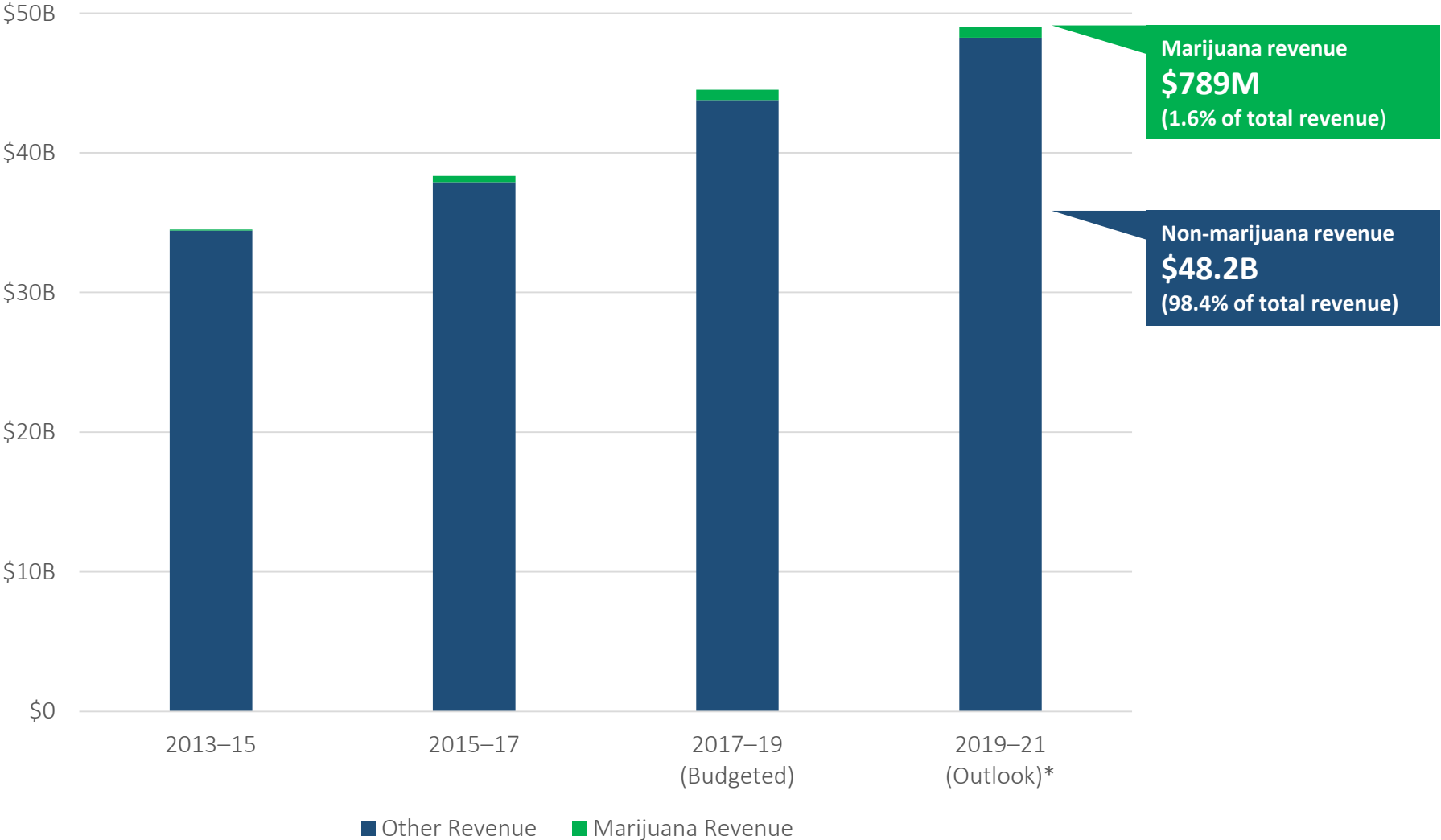
(Ending Balance)





# MARUJUANA REVENUE IS GROWING ...

but still a tiny portion of the budget.



# **SUPPLEMENTAL TRANSPORTATION BUDGET**



# Transportation Supplemental Budget

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## Budget Highlights

- Continues to fully implement the Connecting Washington Projects from the 2015 revenue package
- Adds capacity on SR 167 from Puyallup to SR 18 (\$20million)
- Expands capacity at Dept of Licensing offices to speed processing of enhanced driver's licenses to accommodate REAL ID implementation
- Funds RFP to convert Jumbo Mark II class ferries from diesel to hybrid electric
- Funds training enhancements for state patrol troopers and ferry worker to meet turnover and recruitment needs

# FOR MORE INFORMATION:

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## OFM

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