



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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January 23, 2015

TO: Honorable Andy Hill
Honorable Jim Hargrove
Honorable Jim Honeyford
Honorable Karen Keiser
Senate Ways and Means Committee

Honorable Ross Hunter
Honorable Bruce Chandler
House Appropriations Committee

Honorable Hans Dunshee
Honorable Richard DeBolt
House Capital Budget Committee

Honorable Reuven Carlyle
Honorable Terry Nealey
House Finance Committee

FROM: David Schumacher, Director /s/

SUBJECT: ERRATA AND NEW INFORMATION REGARDING GOVERNOR'S PROPOSED 2015-17 AND SUPPLEMENTAL OPERATING AND CAPITAL BUDGETS

Since the Governor's budget release in December, OFM, agency and legislative staff have identified technical corrections and errors that we would like to bring to your attention. In addition, there are cases where new information leads us to suggest a correction or update to some elements of the budget proposals. The recommended revisions are listed in the attachment to this memorandum.

In total, these changes would reduce GF-S expenditures in the omnibus supplemental by \$798,000, while increasing 2015-17 GF-S expenditures by \$11.2 million. Corrections to revenue items predominantly correct the fund splits in proposed revenues between the General Fund and the Education Legacy Trust Account.

Thank you for your consideration. My staff and I are available to answer any questions you may have.

Attachment

cc: Charlie Gavigan
Bryon Moore
Meg Van Schoorl
Brian Sims
Mark Matteson
Kelly Simpson
Jeffrey Mitchell

Updates/Errata for Governor's Proposed Supplemental and 2015-17 Budgets

Dollars in Thousands

	FTEs	General Fund-State			Other Funds	Account Name for Other Funds
		FY 2014	FY 2015	Total		
Supplemental Expenditure Corrections						
WDFW: SW Regional Office Relocation - The move of the Vancouver field office has been delayed. Funding for moving costs in the supplemental is no longer necessary.					(505)	State Wildlife Account
WDFW: Hatchery Utilities Cost Increase - Funding for utility cost increases for fish hatchery operations was inadvertently omitted. (Multiple accounts)			8	8	99	Various
DSHS-CA: Supervised Visitation - The Title IV-E waiver caps total the federal IV-E funds available to the state of Washington. Therefore, the federal funds assumed in the Governor's budget cannot be earned for contracted supervised visitation services.			10	10	(10)	Title IV-E
DSHS-ESA: ESAR Phase II and III Fund Split - This shifts \$3,194,000 from federal to local funds because the agency spends the Center for Consumer Information & Insurance Oversight grant as local funds.			-	-	-	Federal to Local
DSHS-MH: Single Bed Certification	2.3		168	225	58	Medicaid
DSHS-MH: Single Bed Certification	(2.3)		(168)	(225)	(58)	Medicaid
Mental Health Division funding for 2.3 FTEs was provided in Category 1000 (Community Services), but should have been provided in Category 9000 (Program Support). Since funding for the Mental Health Division is categorically appropriated, funding for 2.3 FTEs should be moved from Category 1000 to Category 9000. This correction has a net zero impact on the total amount of funds provided.						
DSHS-AL TSA: Building Access and Control - \$51,000 in total funds was provided in the Governor's budget at maintenance level, but should have been provided at performance level. This correction has a net zero fiscal impact on funds provided.						
DSHS-DD: DA Utilization Step - Historically, funding for this step includes caseload and utilization changes. The Governor's budget only included funding for utilization changes. Funding for caseload changes was inadvertently omitted. An additional \$634,000 GF-State and \$623,000 Medicaid is needed to fund the caseload impact.			634	634	623	Medicaid
DSHS-DD: Building Access and Control - \$20,000 in total funds was provided in the Governor's budget at maintenance level, but should have been provided at performance level. This correction has a net zero fiscal impact on funds provided.						
DSHS-JRA: 94 - Mandatory Workload Adjustment - The Governor's budget included funding from a preliminary forecast file, not the final forecast. A correction is needed so appropriated funds match the final forecast file.			(38)	(38)	-	
DSHS-SCC: 93 - Mandatory Caseload Adjustment - The Governor's budget included funding from a preliminary forecast file, not the final forecast. A correction is needed so appropriated funds match the final forecast file.			55	55	-	

HCA: GII Health Homes - Funding for health homes was provided twice: in the Medicaid forecast step and a separate Health Homes step. The second step, GII-Health Homes, should be deleted from Winsum; otherwise this item will be funded twice.			(1,467)	(1,467)	17,953	Medicaid
DEL: Federal Stimulus Authority - The budget bill omitted \$500,000 in GF-Federal Stimulus funding. This was an oversight and the funding needs to be included in the budget bill appropriation.			-	-	500	Federal Stimulus
Total Supplemental Expenditure Revisions	-	-	(798)	(798)	18,660	
			General Fund-State		Other Funds	
	FTEs	FY 2016	FY 2017	Total		Account Name for Other Funds
Biennial Omnibus Expenditure Corrections						
Bond Retirement and Interest:						
Program 401: Updated general fund debt service to fund the Governor's capital budget based on proposed 2015-17 bond authorization.		(280)	(2,899)	(3,179)		
Program 401: Funding is provided for underwriter discount costs of new bond sales. (Multiple accounts)					339	State Taxable Building Construction Account; Columbia River Basin Taxable Bond Water Supply Development Account; Columbia River Basin Water Supply Development Account
Program 401: Correction to debt service amount by rounding up each fiscal year amount.					1	Debt Limit Reimbursable Bond Retirement Account
Program 403: Correction to debt service amount by rounding up each fiscal year amount.					2	Nondebt-Limit Reimbursable Bond Retirement Account
Program 406: Funding is provided for cost of issuance on new bond sales. (Multiple accounts)					70	State Taxable Building Construction Account, Columbia River Basin Taxable Bond Water Supply Development Account; Columbia River Basin Water Supply Development Account
DSHS-CA: Family Reinvestment Account - Funding was inadvertently duplicated in the Children's Administration and Special Appropriations sections of the budget. This correction removes the funding from the Children's Administration budget.		(2,647)	(2,647)	(5,294)		
DSHS-CA: 1A CPS Staffing - New information indicates that federal funding covers 2 percent of administration costs rather than 24 percent. An adjustment is needed to increase GF-State funding and decrease federal Title IV-E funding.		837	883	1,720	(1,720)	Title IV-E
DSHS-CA: 1B Braam Compliance - New information indicates that federal funding covers 2 percent of administration costs, not 24 percent. Also, SFY 2016 is to be funded for a three-month phase-in for full staffing levels, rather than a nine-month phase-in for full staffing levels.		2,223	1,050	3,273	(676)	Title IV-E

	FTEs	General Fund-State			Other Funds	Account Name for Other Funds
		FY 2016	FY 2017	Total		
DSHS-CA: Section 202(4) Hub Home Proviso (Delete) - The five hub homes in Region 2 were achieved in SFY 2014; therefore, this proviso is not necessary in the 2015-17 budget.		-	-	-		
DSHS-MH: 3J Single Bed Certification	(4.5)	(413)	(413)	(826)	(354)	Medicaid
DSHS-MH: 3J Single Bed Certification	4.5	413	413	826	354	Medicaid
Mental Health Division funding for 4.5 FTEs was provided in Category 1000 (Community Services), but should have been provided in Category 9000 (Program Support). Since funding for the Mental Health Division is categorically appropriated, funding for 4.5 FTEs should be moved from Category 1000 to Category 9000. This correction has a net zero impact on the total amount of funds provided.						
DSHS-MH 3J Single Bed Certification - Funding for additional beds pursuant to ongoing Single Bed Certification litigation was inadvertently omitted for FY 2016.		10,352	-	10,352	5,574	Medicaid
DSHS-DD: IO Adult Family Home License Fee Increase - Funding provided for rate payback.	-				461	Medicaid and Local
DSHS-DD: 8L Lease Adjustments < 20,000 sq. ft. - This was inadvertently double counted.	-	32	(61)	(29)	(20)	Medicaid
DSHS-DD: DA Utilization Step - Historically, funding for this step includes caseload and utilization changes. Funding in the Governor's budget only included funding for utilization changes. Funding for caseload changes were inadvertently omitted, and an additional \$5,747,000 GF-State and \$5,649,000 Medicaid is needed.		2,269	3,478	5,747	5,649	Medicaid
DSHS-DD: G12 Individual Provider Overtime - Wrong section of back-up file was used.	2.2	162	134	296	198	Medicaid
DSHS-DD: G13 Basic Plus Reduction - FTEs were inadvertently omitted from 2015-17 budget.	(7.9)			-		
DSHS-DD: G15 IFS Reduction - FTEs were inadvertently omitted from 2015-17 budget.	(31.6)			-		
DSHS-DD: G16 Adult Family Homes - FTEs were inadvertently omitted from 2015-17 budget.	1.0			-		
DSHS-DD: G17 In-Home Care Provider Agreement - Wrong section of back-up file was used.	(2.2)	(74)	377	303	111	Medicaid
DSHS-DD: V7 Healthpath Washington Managed Care - Funding was initially not approved because it was assumed that there was sufficient base funding for this item. Further research revealed that funding was actually removed in the carry forward level, so no funding was provided in the base as assumed.		370	(180)	190	190	Medicaid
DSHS-DD: IO Increase Adult Family Homes License Fee. Wrong section of back-up file was used.				-	461	Medicaid and Local
DSHS-DD: 3E ProviderOne Subsystem Delay - Federal savings were overstated.		(672)		(672)	(2,089)	Medicaid
DSHS-LTC: New Step - Assisted Living Fee increase. Updating step to cover the federal funding necessary for Medicaid provider reimbursement.				-	1,890	Medicaid
DSHS-LTC: 3E ProviderOne Subsystem Delay - Federal savings were overstated.		672		672	(9,676)	Medicaid
DSHS-LTC: 5Z Specialized Equipment - Updating the federal funding source.				-		Medicaid
DSHS-LTC: G11 Nursing Home Rates - Funding for the Safety Net Assessment payback to nursing homes was left out of initial costing estimates.				-	63,515	Safety Net Assessment
DSHS-LTC: G12 Individual Provider Overtime - Wrong section of back-up file was used.	(2.2)	492	406	898	706	Medicaid

	FTEs	General Fund-State			Other Funds	Account Name for Other Funds
		FY 2016	FY 2017	Total		
DSHS-LTC: G16 Adult Family Homes - FTEs were inadvertently omitted in 2015-17 budget.	1.5			-		
DSHS-LTC: G17 In-Home Care Provider Agreement - Wrong section of back-up file was used.	(7.0)	(226)	1,136	910	383	Medicaid
DSHS-ESA: Data Center Mainframe Costs - Data center and mainframe costs were funded in 2015 supplemental budget. Ongoing costs were inadvertently omitted in 2015-17 budget.		407	408	815	1,291	Medicaid
DSHS Wide: 7S One-time Relocations - Miscalculation of one-time maintenance level relocation costs for subprograms within DSHS.						
DSHS-CA	-	(447)	469	22	2	DSHS Family
DSHS-DD	-	(6)	109	103	75	Medicaid
DSHS-JRA	-	(2)	-	(2)	-	
DSHS-LTC	-	(5)	-	(5)	(5)	Medicaid
DSHS-DASA	-	(1)	(5)	(6)	(1)	Medicaid
DSHS-ESA	-	(37)	220	183	108	33% GF-S and 4% DSHS Family
DSHS-DVR	-	(43)	78	35	-	
DSHS-Admin	-	(35)	(24)	(59)	(13)	Medicaid
DVA-020: N4 - DOC Veterans Enhanced Reentry Reduction - New information updates the reduction to total the actual cost of the DOC Veterans Enhanced Reentry program.	-	35	35	70		
DOC-100: 8L Lease Rate Adjustment - Funding in the second fiscal year was incorrectly recorded in the 2015-17 budget.	-	-	41	41		
DOC-100: C2 Prison Swift and Certain Sanctioning	2.6	126	170	296		
DOC-200: C2 Prison Swift and Certain Sanctioning	0.8	65	85	150		
DOC-700: C2 Prison Swift and Certain Sanctioning	0.5	101	135	236		
New information updates the reduction to total the projected savings from prospectively implementing swift and certain sanctions in prisons.						
DOC-100: 91 Workers' Compensation		4	4	8		
DOC-200: 91 Workers' Compensation		1,020	1,020	2,040		
DOC-300: 91 Workers' Compensation		186	186	372		
DOC-400: 91 Workers' Compensation		3	3	6		
DOC-700: 91 Workers' Compensation		7	7	14		
DOC-600: 91 Workers' Compensation		(1,220)	(1,220)	(2,440)		
Net zero adjustment that transfers workers' compensation funding from program 600 - Interagency Payments to the appropriate programs within DOC.						
DOC-200: 8D Budget Structure Changes - LEAP Approved		(147)	(147)	(294)		
DOC-300: 8D Budget Structure Changes - LEAP Approved		(2,052)	(2,053)	(4,105)		
DOC-700: 8D Budget Structure Changes - LEAP Approved		2,200	2,200	4,400		
Net \$1,000 adjustment to transfer additional offender programming funds from Prisons and Community Supervision to the new program 700 - Offender Change.						
HCA: AC - CPE Adjustment - Revised totals based on updated Medicaid forecast model.		(5,712)	125	(5,587)		

	FTEs	General Fund-State			Other Funds	Account Name for Other Funds
		FY 2016	FY 2017	Total		
HCA: AB Hospital Safety Net Phase Down - Revised totals based on updated Medicaid forecast model.		(362)	(72)	(434)	(9,748)	Medicaid and Safety Net Account
HCA: A1 Continue Hospital Safety Net - Revised totals based on updated Medicaid forecast model.		362	72	434	9,748	Medicaid and Safety Net Account
HCA: GPE Maximize Hospital Safety Net - Revised totals based on updated Medicaid forecast model.		190	66	256	(55,917)	Medicaid and Safety Net Account
HCA: GNN Language Access Provider Agreement - Inadvertently included in budget as a duplicated step that is in maintenance level as a component of the forecast.		(129)	(257)	(386)	(579)	Medicaid
HCA: GHN Health Homes - Inadvertently included in budget as a duplicated step that is in maintenance level as a component of the forecast.		(8,719)	(4,807)	(13,526)	44,174	Medicaid
HCA: Primary care rate - The cost for a rate increase to ARNPs was inadvertently omitted.		209	209	836	418	Medicaid
HCA: BD Fund ProviderOne Enhancements - CMS has announced a delay in enforcement of the previously published final rule, and there is a recommendation to amend the final rule to not use the National Health Plan ID and consider next steps. Funding to support this update is removed for FY 2017.			(35)	(350)	(315)	Medicaid
HCA: N4 Washington HBE Operations - Funding for 17T-1, Health Benefit Account, in SFY 2016 is \$40 million in the Governor's 2015-17 budget. Revenues generated from the 2 percent premium tax and the \$4.19 assessment only equal \$37,102,000; therefore, funding for fund 17T-1 needs to be reduced by \$2,898,000 so that funding authority matches revenue.					(2,898)	Health Benefit Account
DEL: 22 WCCC Increase Continuity of Care - It has been determined there is no federal match for this policy change.					(7,100)	Child Care and Development Fund
CWU: Include Maintenance and Operating Funding - Item was inadvertently omitted.			371	371		
SBCTC: G06 Health Insurance - The fund split for four-year institutions was incorrectly applied to the community and technical colleges.		1,070	2,758	3,828	(3,828)	Institutions of Higher Education - Dedicated Local Account
DOE: Watershed Planning reduction - The (2.4) FTEs associated with this reduction item were incorrect in the Governor's budget. The correct FTE amount is (1.7) FTEs.	0.7					
DOE: Radioactive Waste Account reduction - OFM's fund balance system did not reflect an expenditure allotment reduction in the current biennium, and the Governor's 2015-17 budget reduced funding for radioactive mixed waste by \$800,000 to balance the account. The fund balance system now reflects lower expenditures in 2013-15, and no reduction is needed in 2015-17 to balance.					800	Radioactive Mixed Waste Account
SCC: Voluntary Stewardship Program -The Governor's budget inadvertently omitted the 1.5 FTEs that will be required for this activity.	1.5			-		
WDFW: Increased Discover Pass Revenue - Additional authority is given to sync up with revenue projections.					759	State Wildlife Account
WDFW: SW Regional Office Relocation - During the 2013-15 biennium, the Department received a total of \$545,000 to relocate its southwest regional office. Due to project delays, the move did not take place. Most of the funding is moved to the 2015-17 biennium to complete this move.					505	State Wildlife Account

	FTEs	General Fund-State			Other Funds	Account Name for Other Funds
		FY 2016	FY 2017	Total		
DNR: Increased Discover Pass Revenue - Additional authority to sync up with revenue projections.					759	Park Land Trust Revolving Account
DNR: Teanaway Community Forest - The Governor's budget inadvertently included information from an outdated decision package. Teanaway Community Forest should be \$1,945,000 and 3.8 FTEs.	(0.5)	(62)	(62)	(124)		
WSDA: Reduce Spartina Eradication - The Governor's budget mistakenly included an FTE reduction. The dollar reduction will apply to pass-through funds and will not affect the FTE level.	18.9			-		
State Parks: Increase Funding for Critical Core Operations - The Governor's budget mistakenly included the incorrect funding necessary to maintain core operations at State Parks.	-	4,780	4,781	9,561		
State Parks: Increase Funding for Core Stewardship Activities - The Governor's budget mistakenly excluded \$380,000 of funding for stewardship activities at State Parks.	-	190	190	380		
SAO G00: Funding for K-12 school audits is moved from nonappropriated to appropriated in the Performance Audits of Government Account.					-	
COM B9: The Energy Freedom Account expires on June 30, 2016. Funding for the State Energy Office is shifted to the Energy Freedom Account in the first fiscal year only. Second fiscal year funding for the office is shifted to General Fund-State.			508	508	(508)	Energy Freedom Account
COM G49: Funding for Startup Washington is split 75% in FY 2016 and 25% in FY 2017.		63	(63)	-		
COM N1: Private/Local appropriation authority is reduced to reflect one instead of two sector lead positions.				-	(100)	General Fund-Private/Local
OAH: Delete proviso in Section 131 because it is unnecessary. There is no fiscal impact.						
DOR G18: FTE authority for implementing the Working Families Tax Exemption program was inadvertently omitted. FTE authority should be 7.9 in FY 2016 and 45.7 in FY 2017.	27.0			-		
DES G02: Spending authority for Small Agency Services is aligned to central services model.					(88)	Enterprise Services Account
DES D4: Spending authority for DES was reduced more than necessary to align with the Jefferson common space rent reduction.					(648)	Various DES Non-appropriated Accounts
WSHS: The efficiencies reduction should have been entirely from General Fund-State and should be \$10,000 more than originally estimated.		(37)	(37)	(74)	88	Local Museum Account
House of Representatives: Remove the Motor Vehicle Account appropriation; this funding is included in the transportation budget.				-	(1,858)	Motor Vehicle Account
Senate: Remove the Motor Vehicle Account appropriation; this funding is provided in the transportation budget.				-	(1,695)	Motor Vehicle Account
CJTC: Didn't include local 25% share in carry forward level amounts for the Basic Law Enforcement Academy.		(776)	(776)	(1,552)	1,552	General Fund-Local

	General Fund-State			Other Funds	Account Name for Other Funds
	FTEs	FY 2016	FY 2017	Total	
DEL: Section 615(3) Proviso Addition - The department is the lead agency for and recipient of the federal child care and development fund grant. Amounts within this grant shall be used to fund child care licensing, quality initiatives, agency administration, and other costs associated with child care subsidies. The department shall transfer a portion of this grant to the department of social and health services to fund the child care subsidies paid by the department of social and health services on behalf of the department of early learning. <u>Within the amounts provided for the working connections child care program, the department and the department of social and health services shall collaborate to control reimbursement decisions for working connections child care cases such that the aggregate average cost per case for working connections child care does not exceed the amounts assumed in the projected caseload expenditures.</u>					
DEL: Section 615(5) Proviso Addition - \$153,717,000 of the general fund—federal appropriation is provided solely for the working connections child care <u>subsidy payments under either the working connections child care program under RCW 43.215.135 or the early childhood education and assistance program under RCW 43.215.410. On a monthly basis, the department will work with the Department of Social and Health Services and the Office of Financial Management to track working connections child care savings for eligible three and four year olds from the expansion of early childhood education and assistance program full day slots funded with general fund state and reinvest the federal funds herein this section into the early childhood education and assistance program.</u>					
DEL: Section 615(x) New Proviso - <u>Within the existing resources of this section the department may fund expenses incurred by members of the Indian Policy Early Learning committee, the Parent Advisory Group, and the Early Learning Advisory Council and associated regional committees in the performance of their duties in accordance with RCWs 43.03.050 and 43.03.060 and Department policies.</u>					
Biennial Omnibus Expenditure Corrections	5.3	4,736	6,369	11,208	40,347

Revenue Corrections					
	FY 2015	FY 2016	FY 2017		Account Name for Other Funds
General Fund resources are added to reflect Department of Revenue request legislation related to electronic commerce.		4,240	4,495		
Fund transfers are made from the Liquor Revolving Account to the General Fund to offset a technical correction to the Liquor Control Board budget that impacts budget-driven revenue.	6,000	3,000	3,000		
General Fund revenue from e-cigarettes and vapor products is reduced to align with Governor request legislation that 90 percent of the money goes to the General Fund and 10 percent to the newly created Essential Public Health Services Account.		(430)	(1,380)	1,810	Essential Public Health Services Account
Revenue collected by the Department of Revenue from 7 percent capital gains tax on individuals is aligned with Governor request legislation directing 100 percent to the Education Legacy Trust Account.			(798,000)	798,000	Education Legacy Trust Account
Revenue from the Carbon Pollution Accountability Act is aligned with Governor request legislation transferring funds to the Education Legacy Trust Account.			(380,000)	380,000	Education Legacy Trust Account
Removal of amount of revenue transferred from the Dedicated Marijuana Account to the General Fund that was already included in the General Fund-State Forecast.	(5,706)	(14,338)	(21,779)		
Update to 1-502 distribution to GF-S.	(647)				
Transfer of cash balance from Energy Freedom Account to General Fund-State upon expiration of the account.	3,300			(3,300)	Energy Freedom Account
Total Revenue Revisions	2,946	(7,528)	(1,193,664)	1,176,510	
			G.O. Bonds	Other Funds	Funds
Capital Budget Corrections					
WSU: Dairy Research & Teaching Facility. Remove the COP (Sec. 6002(4)) and add an appropriation for \$8.3 million from the WSU Building Account.				8,300	062 WSU Building Account
SBCTC: Centralia Community College Student Services (30000123). This corrects reduction errors. The total new appropriation is \$31,385,000.			176		057 Bonds
SBCTC: Peninsula College Allied Health and Early Childhood Dev Center (30000126). This corrects reduction errors. The total new appropriation is \$23,790,000.			237		057 Bonds
SBCTC: South Seattle Community College Cascade Court (30000128). This corrects reduction errors. The total new appropriation is \$28,231,000.			226		057 Bonds
SBCTC: Renton Technical College Auto Complex Renovation (30000134). This corrects reduction errors. The total new appropriation is \$15,250,000.			146		057 Bonds

			G.O. Bonds	Other Funds	Funds
OFM: Statewide Master Plan for Museums and Historical Societies (30000044). Move the appropriation to DES because under current law, Account 422 must be appropriated for activities conducted by DES. The proviso should be amended to require DES to work with OFM to complete the study.					
Conservation Commission: Match for Federal RCPP Program (30000017) - The U.S. Department of Agriculture will provide a \$27 million grant to the Conservation Commission. The appropriation authority for the federal grant was only \$20 million, which was the Commission's estimate of the grant award.				27,000	001-2 Federal
DVA: Walla Walla Nursing Facility (20082008) - Additional funding is needed because construction bids received in December are in excess of available funds, and for relocation of site utilities to preserve cultural resources/tribal artifacts found on site.			1,400		057 Bonds
Total Capital Budget Revisions			2,185	35,300	