2019 Legislative Session Preview

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Agenda

- Timelines and calendars for 2019 budget
- Current landscape for 2019 budget
- Overview of state budget reality
- DCFY decision package topics
- DCYF agency request legislation
- DCYF 2018 legislative reports
State Biennial Budget Timeline

**State agencies**

- **SEPT 2018**: Agencies submit budget requests

**Text**

- **JUNE 2018**: OFM issues budget instructions

**Governor & Office of Financial Management (OFM)**

- **SUMMER-FALL 2018**: Collective bargaining occurs

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State Biennial Budget Timeline

JAN 2019
Legislature convenes

FEB/MAR 2019
Quarterly revenue & caseload forecasts

APRIL/MAY 2019
Legislature passes budget

State Legislature
State Biennial Budget Timeline

**State agencies**

JUNE–JULY, 2019
Agencies submit detailed spending plans

**Governor & Office of Financial Management (OFM)**

MAY/JUNE 2019
OFM reviews, governor signs budget

JULY 1, 2019
Biennial budget takes effect

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A Few Operating Budget Basics

More than half of all state General Fund revenue goes to K-12 education.

More than half of our revenue comes from retail sales taxes.
Major Revenue Sources for General-Fund State Spending

- Retail sales & use tax: 51%
- Business & occupation tax: 19%
- Property tax: 14%
- Real estate excise tax: 5%
- Other: 11%

*Other includes revenue from liquor sales, tobacco taxes, insurance premiums, etc.*
Note: A small amount of lottery revenues ($34M) go directly to pay debt on CenturyLink Field and the Exhibition Center, to the Problem Gambling Account, and the Economic Development Account.

Note: Most of the marijuana revenues ($530M) are appropriated directly to certain agencies, universities and local governments. The remaining revenue goes to the General Fund.
How the Money is Spent

Distribution of 2017–19 state operating expenditures

- K-12 schools: 51%
- Human services: 32%
- Higher education: 7%
- Natural resources: 1%
- General government: 2%
- Other*: 7%

*Other includes debt service, pensions contributions to law enforcement, fire fighters and judges, other education agencies, transportation and special appropriations.
Economic Outlook is Good News

• Leading economic indicators for the US and Washington suggest continued growth over at least the next several months
• The baseline forecast does not include a recession between now and the end of the next biennium
• If so, the forecasted recovery in WA will be the longest on record
• Governor’s Council of Economic Advisors was asked the probability of recession by 2023. Average probability = 88%
The Bottom Line: Budget Projection for 2019-21

- The current biennium budget relied on a combination of tax increases and use of reserves to balance.
- Use of one-time reserves for on-going costs is unsustainable.
- We do not expect 2019-21 Biennium revenues to sustain current state services next biennium (even though revenues will grow about 4% per year).
- After several years of grappling with multi-billion-dollar McCleary solution, there are many pent-up demands for increased spending. Litigation is adding to costs.
2019-21 Budget Realities

• The underlying budget for this biennium contains “holes” in funding for current services that will have to be filled before new spending is considered.

• Collective bargaining will put pressure on spending and compete with everything else.

• Litigation and reform will too.

• Some critical challenges in behavioral health, health care, opioid, and housing crises.

• Continued pressure for education funding.

• It will be difficult to raise significant revenue.

• The pent-up demand for new or additional spending is strong.
Decision Packages

General categories of requests from DCYF:

- Workforce Stabilization
- Placement Continuum
- Transition & Re-Entry
- Paying for Quality
- Prevention
- DCYF Infrastructure
- Maintenance Level Items (increases for leases, insurance, vendor rates, infrastructure and security).

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Agency Request Legislation

- HB 2008
- Family First Prevention Act
- Technical fixes from the DCYF merger
One-Time Legislative Reports due in 2018

- HB 1661 –
  - Recommendations report on integration of JR and Office of Homeless Youth into DCYF, *due 11.1.18*
  - Foster parent complaints, *due 11.1.18*
  - Report on outcome measures and progress on new agency goals, *due 12.1.18*

- HB 2008 –
  - Review caseload forecast of children in foster care vs. capacity of foster care, *due 10.1.18*
  - Report of the BRS rate payment methodology stakeholder workgroup, *due 11.30.18*
One-Time Legislative Reports due in 2018 cont.

- ESSB 6257 – ESIT funding model final report, *due 9.1.18*
- HB 2779 – Home visiting - definitions, strategy, and federal resources maximization, *due 11.1.18*
- EHB 2861 – Trauma-informed child care advisory group - five-year strategy report, *due 11.1.18*
- SB 6032 –
  - Child Care Nurse Consultation, *due 12.1.18*
  - Recommendations on public system response to families and youth in crisis, *due 12.15.18*
  - Effect of enhanced rate add-on on increasing BRS bed capacity and rates of placement, *due 1.1.19*
Recurring Legislative Reports due in 2018

- Child Fatality quarterly report, *due 9.15.18 and 12.15.18*
- Foster & Adoptive Home Placement annual report, *due 12.1.18*
- Transfer of Funds from Foster Care Services annual report, *due 12.1.18*
- Educational Outcomes for Foster Youth annual report, *due 12.15.18*
- Early Start Act annual report, *due 12.15.18*
- Status of Procurement and Implementation Process for Network Administrators annual report, *due 1.1.19*

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Questions?

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