

HOUSE BILL REPORT

SHB 1105

As Amended by the Senate

Title: An act relating to fiscal matters.

Brief Description: Making 2015 supplemental operating appropriations.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Hunter, Ormsby, Sullivan and Gregerson; by request of Governor Inslee).

Brief History:

Committee Activity:

Appropriations: 1/12/15, 1/14/15, 1/26/15, 1/28/15 [DPS].

Floor Activity:

Passed House: 1/29/15, 83-15.

Senate Amended.

Passed Senate: 2/11/15, 46-0.

Brief Summary of Substitute Bill

- Makes supplemental changes to operating budget appropriations for the 2013-15 biennium.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Carlyle, Cody, Dent, Dunshee, Fagan, Haler, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Senn, Springer, Stokesbary, Sullivan, Tharinger and Walkinshaw.

Minority Report: Do not pass. Signed by 6 members: Representatives Buys, Condotta, G. Hunt, Schmick, Taylor and Van Werven.

Staff: Charlie Gavigan (786-7340).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The state government operates on a fiscal biennium that begins on July 1 of each odd-numbered year. A two-year biennial operating budget is adopted every odd-numbered year. Supplemental budgets frequently are enacted in each of the following two years after adoption of the biennial budget. Appropriations are made in the biennial and supplemental budgets for the operation of state government and its various agencies and institutions, including higher education, as well as allocations for the funding of K-12 public schools.

The 2013-15 Biennial Operating Budget was enacted in 2013 and a supplemental operating budget was adopted in 2014. The 2013-15 Biennial Operating Budget, after the 2014 supplemental, appropriates \$33.8 billion from the State Near General Fund (State General Fund and the Education Legacy Trust Account) plus the Opportunity Pathways Account. The total budgeted amount, which includes state, federal, and other funds, is \$67.6 billion.

Under the state Constitution, 1 percent of general state revenues is deposited into the Budget Stabilization Account (BSA) each fiscal year, as is extraordinary revenue growth. The Legislature may appropriate from the BSA by a constitutional (simple) majority of each chamber of the Legislature if: (1) forecasted state employment growth for a fiscal year is less than 1 percent; (2) the Governor declares an emergency resulting from a catastrophic event; or (3) the balance in the account exceeds 10 percent of general state revenues for the fiscal year, but only for the portion that exceeds 10 percent of general state revenues and only for educational construction. Other appropriations require a three-fifths affirmative vote by each chamber of the Legislature.

Summary of Substitute Bill:

Supplemental changes are made to the 2013-15 Biennial Operating Budget relating to funding for fires and disasters, children and family services, mental health services, and the judgment against the state in *Rekhter v. Washington Department of Social and Health Services*.

State Near General Fund plus Opportunity Pathways appropriations for the 2013-15 biennium are increased by \$67.8 million. In addition, \$93.1 million is appropriated from the Budget Stabilization Account (BSA) for fires and other disasters, including mobilization, response, and recovery. Some of the fires and disasters are included in a fiscal year 2015 declaration by the Governor while others are not. The total budget is increased by \$299.2 million.

The Economic and Revenue Forecast Council must produce a February 2015 revenue forecast in addition to the required March 2015 forecast.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendments make the following changes to Substitute House Bill 1105 as passed the House:

- \$276,000 is added for the State Actuary to provide health care actuarial analysis to the Legislature.
- The Children and Family Services second year funding adjustment is reduced from \$1.5 million to \$750,000.

- \$1.1 million in savings in the long term care program is included related to a delay in the implementation of enhanced services facilities.
- Appropriations related to fires and disasters are reduced to reflect updated agency estimates.
- There will be an Economic and Revenue Forecast (forecast) by February 20, 2015 and no March 2015 forecast (rather than a February forecast and a March forecast).

As passed the Senate, State Near General Fund appropriations in the bill total \$66.2 million (as passed the House total \$67.8 million); the Budget Stabilization Account appropriations total \$77.2 million as passed the Senate (as passed the House total \$93.1 million); and total budgeted as passed the Senate is \$217.9 million (as passed the House is \$299.2 million).

Appropriation: The bill contains multiple appropriations.

Fiscal Note: Available on original bill.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

Please refer to the January 12, 2015, January 14, 2015, and January 26, 2015, hearing recordings.

Persons Testifying: (In support on original bill) None.

(In support with concerns on original bill-non-education provisions) John Brumbach and Lee Grogg, Ryther.

(Other on original bill-education provisions) Steve DuPont, Central Washington University.

(Opposed on original bill) None.

(In support of proposed substitute bill) Laurie Lippold, Partners for Our Children; Len McComb, Washington State Hospital Association; Jim Theofelis, Mockingbird Society; Ron Shultz, Washington State Conservation District; Brian Enslow, Washington State Association of Counties; and Steve Anderson, Washington Chapter of American College of Emergency Physicians.

(In support with concerns on proposed substitute bill) John Brumbach and Lee Grogg, Ryther.

(Opposed on proposed substitute bill) None.

Persons Signed In To Testify But Not Testifying: None.